Daily Report

Latin America

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FBIS-LAT-95-146 *31 July 1995*

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Caricom Head Notes U.S. Support for Fruit Trade

FL2907123295 Bridgetown CANA in English 2036 GMT 28 Jul 95

[All quotation marks as received]

[FBIS Transcribed Text] Washington, D.C., July 28, CANA — Caribbean Community (Caricom) Chairman and Dominica Prime Minister Edison James told Congress Thursday there would be economic crisis in the Caribbean if the U.S. 301 banana sanction was enforced. The prime minister, who was one of the Caribbean leaders at the just concluded defence ministers of the Americas meeting in Virginia, told a group of U.S. lawmakers that the United States could cause the region great harm through its current attack on the European Union banana industry.

The attendees at a breakfast meeting included Senators Charles Rangel, former Black Caucus Chairman, Kweisi Mfume and Carrie Meek.

"The U.S. Government has assured us that they intend no harm to the Caribbean. I greatly appreciate this. But at this time, they appear to be pressing for changes in the European Union regime, particularly on the quota and licencing arrangements which would make it impossible for us to continue selling our bananas in Europe," the Caricom chairman said.

James told CANA in an exclusive interview following the meeting, it was clear the Caribbean had friends in Congress on the banana issue. "They were clear in their support for our cause. What we sought to do was to assist them in developing the body of information and structuring the arguments so that they can be in a better position to mount an argument on our behalf."

The Caricom head said that when he meets with the USTR officials today, "I expect on behalf of all the banana producers of Caricom to state our case, and to tell the officials that we are in no way affecting Chiquita's business. Chiquita cannot demonstrate how we are negatively impacting their business. But we are going to say to everyone are you going to allow what we regard essentially as greed to defeat absolute need as the situation is in the Caribbean". The Prime Minister said that in Dominica and other Caribbean islands, bananas provide about 60 per cent of all the export earnings, with most of these earnings being spent in the United States. "If we lost our market in the European Union, we would lose our main means of support and face economic ruin. James argued that it would not help the United States for its small, democratic, and friendly neighbours to be bankrupted in this way."

Prime Minister James is one of the keynote speakers at the Caribbean Bananas Exporters Association (CBEA) meeting under way here in Washington. Among those in attendance are regional banana producers, officials from various banana organisations, U.S. trade officials and Caribbean ambassadors.

The Caricom leader said that the European Union support for Caribbean bananas had been unshakable. He added the British and French had been resolute in their support, the Swedes said nothing would shake their support and only the Belgians have said that they see some changes when Lome IV expires. The Lome accord is an economic agreement between the European Union and the African, Caribbean and Pacific (ACP) states.

Ecuadoran, Peruvian Presidents Exchange Letters

PY2907032595 Lima America Television Network in Spanish 0100 GMT 29 Jul 95

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen has sent a letter of congratulations to President Alberto Fujimori, who responded in turn by answering with a letter of his own. The two letters read as follows:

Quito, 28 July 1995

To His Excellency Alberto Fujimori Fujimori,

President of the Republic of Peru

Lima

Your Excellency, on celebrating today another anniversary of Peruvian independence, and taking the opportunity of Your Excellency's second presidential inauguration, I am pleased to extend to you the most cordial congratulations on behalf of the Ecuadoran people and government.

I also want to convey our desire that this opportunity serve to strengthen the relations that, at various levels, link our two countries.

I also want to take this opportunity to reaffirm to Your Excellency expressions of greatest esteem.

[Signed] Sixto Duran-Ballen, Constitutional President of the Republic of Ecuador

President Fujimori answered in the following manner:

Lima, 28 July 1995

Your Excellency, Mister Sixto Duran-Ballen,

Constitutional President of the Republic of Ecuador,

Quito

Thanking you for the cordial congratulations expressed on behalf of the Ecuadoran people and government that Your Excellency has kindly extended to me on

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the occasion of the 174th anniversary of Peruvian independence, and of the inauguration of my second presidential term, I am very pleased to say with great satisfaction that I also share the desire to strengthen relations between our two nations, guiding them toward a future of fruitful coexistence in which peace and cooperation will prevail between our two nations.

I also want to take this opportunity to convey to Your Excellency assurances of great esteem.

[Signed] Alberto Fujimori Fujimori, President of the Republic of Peru

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Cuba

Robaina Denies 'Secret Agreements' Reached With U.S.

PA3107000895 Havana PRENSA LATINA in Spanish 1500 GMT 30 Jul 95

[FBIS Translated Text] Havana, 30 Jul (PL) — Cuban Foreign Minister Roberto Robaina has denied the United States is taking steps to end the economic and trade blockade it has maintained against Cuba.

In an interview published in today's edition of the weekly JUVENTUD REBELDE, Robaina denied that the likelihood of the United States lifting sanctions imposed on the island on 20 August 1994 during the rafters crisis, or the facilitating of journalistic and cultural exchanges between the two countries, would augur the end of the blockade.

These things constitute Band-Aids or aspirins to alleviate a severe illness, because they would do nothing more than open tiny cracks of breathing room, he added.

The foreign minister pointed out that such decisions would only constitute a nominal act of justice for the thousands of Cubans living in U.S. territory — Cubans whose rights and liberties are being restricted.

"They just need to ask, and their fatherland will support them in their human desire to freely visit their country and maintain ties with and help their families," Robaina stressed.

The foreign minister, who begins an official visit to Panama today, explained that, while putting this last aspect aside, all of the other measures that are the focus of a great deal of speculation also constitute instruments of subjugation for the Antillean nation — instruments included in the Torricelli Law, which is aimed at tightening the siege on the Caribbean island.

Cuba has decried those aspirations to impose post-modern fascism on the world, an ultrarightist and conservative model that has been forged since the late 1970's in the United States. For these reasons, however, the end of the blockade is unfortunately very far away, Robaina assessed.

The Cuban foreign minister said that although Cuba is prepared to maintain normal relations with the United States, it is not willing to accept a U.S. imposition to renounce those things the overwhelming majority of Cuban citizens have freely and democratically chosen.

He also denied the alleged existence of secret agreements with Washington within the framework of the migration talks between the two nations, "because all of the cards are on the table."

Finally, in referring to the United Nations, he affirmed it is nowhere near being what its Charter stipulates it should be, because it does not guarantee peace, stability, integration, or development for the people of the world.

The United Nations must change its totalitarian and imposed unipolarism of political and economic models, which it has been forced to embrace only because of the resolve of the large power that won the Cold War. It must also modify its obsolete Security Council, Robaina concluded.

U.S. State Department Views on Nuclear Plant Criticized

PA3007002395 Havana Radio Havana Cuba in Spanish 1300 GMT 29 Jul 95

[Commentary by Nicanor Leon Cotagoro from the "Morning Information Review" newscast: "Status of Cuban-U.S. Relations"]

[FBIS Translated Text] U.S. State Department spokesman (Nicholas Bolls) on Wednesday [26 July] said Washington frowns on other countries' plans to complete a nuclear power plant in Cuba. U.S. Congressman Robert Torricelli has even said the completion of this plant will endanger the entire American continent because the plant lacks the necessary systems to preclude an accident similar to the one that occurred at Chernobyl. Torricelli, a representative from New Jersey, as THE WALL STREET JOURNAL revealed in the past, has received a large amount of money from Miami businessman Jorge Mas Canosa to head lobbying efforts against Cuba within the U.S. Congress.

Nevertheless, top leaders of the International Atomic Energy Agency, French experts, agencies attached to the U.S. Congress, and even CIA Director John Deutch have publicly said the plant's location in Cienfuegos Province is no cause for concern. Deep within this growing campaign against the Cienfuegos plant — a plant intended only to increase electric energy production on the island — lies the intention of those people from Miami who use any pretext to tighten the embargo against Cuba. The first thing that must be pointed out in this regard is that this argument is not new but, rather, has been used for 35 years in an attempt to justify the policy of isolating Cuba by, among other things, portraying a distorted image of Cuba's reality.

In this regard, the Miami-based, Cuban-born ultrarightists and official U.S. propaganda in general have had no qualms about presenting a broad scope of arguments that range from attributing the embargo to the nationalization of U.S. enterprises — a nationalization initially forced by measures applied by the White House against

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Havana — to the relations between Cuba and the Soviet Union, just to give two examples. Recently, the pretext to continue the embargo against Cuba has been, among other things, the absence of a market economy in Cuba.

Both the so-called Torricelli Law of 1992 and another bill now being debated in the U.S. Congress do everything possible to keep capitalist businessmen from around the world from investing in or conducting business with Cuba. In turn, a number of organizations, including the EU, have vigorously warned the U.S. Government that the so-called Helms-Burton bill violates every provision within international law, as well as regulations recently approved by the World Trade Organization, therefore, this U.S. position is simply unacceptable for this important community of nations.

International pressure against the bill being debated in the U.S. Congress is so great that any discussion of its future must be wrapped in question marks, even though in February the bill's sponsors declared victory and suggested the bill would be passed within a few weeks. Also, because it grossly violates the U.S. Constitution by attempting to roll back the President's power in the realm of foreign policy, the bill is hardly acceptable to the White House and orthodox lawmakers. Under such circumstances, the remarks by (Nicholas Bolls) are distressing, because, by joining this propaganda campaign, the more and more we will see the worn out Miami-based, Cuban-born ultrarightists try to put pressure on those who, by right, are interested in completing a nuclear plant in Cuba.

The pretext of an alleged danger in the region — a pretext touted by figures with so little authority as Torricelli — is just another chapter in the protracted and banal story which, since 1960, has been told to explain the reason for a behavior against Cuba that has only served to painfully isolate U.S. policy on an international level.

Castro's Talks to Reporters at Moncada Ceremony

FL2807203395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 28 Jul 95

[Report by correspondent Rosa Maria Fernandez on news conference by President Fidel Castro with correspondents following the ceremony marking the 42d anniversary of the Moncada Barracks attack in Guantanamo on 26 July; first paragraph announcer-read introduction; passages within quotation marks recorded; from the "NTV" newscast]]

[FBIS Translated Text] Commander in Chief Fidel Castro received the statuette honoring La Fama — the goddess who inspires hope and is Guantanamo City's symbol — from Cuban Communist Party members and provincial authorities just moments after the 26 July anniversary ceremony:

[Castro] "Fame [fama] can be good or bad, right? [Words indistinct] but I think this statuette honors the good kind of fame."

[Fernandez] Fidel then spoke with the press.

"We just heard your address. What special significance is there in reaffirming the idea that our sovereignty cannot be marred, even through thought, in Guantanamo?

[Castro] "What was said was very clear: It is inconceivable. This is a time during which many people come to give suggestions, many people. Our northern neighbors try to negotiate what Cuba negotiates. No, they do not try: They say it publicly. However, they have not spoken with any of us [words indistinct]. It is a very strange situation. It is even [words indistinct] to give those businesses. We cannot allow them to impose any type of political, economic, or social system. [Words indistinct] we can not renounce our right to choose the political, economic, and social system we consider convenient for our people.

[Fernandez] "You mentioned Guantanamo's efforts. How do you feel about the province's work to date?

[Castro] "Very good. I have read the infinite list of statistics. They have worked and advanced on all fronts, especially on the quick response to the natural disaster [words indistinct]. It is as if nothing at all happened! They have rebuilt almost all of the houses. I was told that only 30 families were left...[pauses] that involves moving...

[Unidentified correspondent, interrupting] "They are currently at the junior college.

[Castro] "I wish Havana was like that. If only Havana could say that there are only a few people left without homes.

[Fernandez] "Commander, with regard to what is left to do in the province and in Cuba, do you consider that the Politburo's work at the provincial level is helping the development of a common work strategy?

[Castro] "It has helped very much. They have shown the people of the province how to work. It is of enormous value. All the activities have been very positive."

[Fernandez] Fidel insisted on the need for all provinces to enter into fraternal emulation to become the host of the next 26 July anniversary ceremony. In response to questions from other colleagues, Fidel commented on interest in Guantanamo Province's development.

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[Castro] "It must be pointed out that a new provincial spirit has developed here. I was thinking today: Gosh [caramba], why isn't Guantanamo developed more? It has one [words indistinct] the Yankee naval base in Guantanamo. That has prevented use of the bay, thus hindering Guantanamo's development. I flew over Santiago de Cuba [words indistinct] a large number of factories. It's not a bay like the one here, in Guantanamo.

[Unidentified correspondent] "This is the t' 'rd ' 'st in the world.

[Castro] "Guantanamo would have developed much better if the base were not there. [Words indistinct] Santiago de Cuba's is around the bay. We have not been able to do the same here because the bay is occupied.

[Fernandez] "Commander, there is plenty of honor despite the poverty we see here.

[Castro] "I said poverty to highlight reality. It was the one province with the least potential, however, there has been development. It is not what it used to be industrially. We were always making efforts to open factories here. Factories [words indistinct] I think there was a documentary on that factory. We were considering Guantanamo's potential even before it became a province, in terms of Cuba's development and creating jobs and wealth in every region. However, political and administrative division clearly contributed to Cuba's development. Almost everyone has a plaza like this one here. [Words indistinct] there was a plaza in Santiago de Cuba, but today that plaza is in Bayamo and Holguin. Do you understand? There is a plaza in Las Tunas. None of these cities would have been as developed as they are today without political and administrative division. We could have built all of these factories with cement, blocks, and bricks if there were no special period. Production of steel for making hospital equipment [muebles sanitarios] would have increased. These cities would have grown like mad if we had all of the resources today that we had yesterday. We would have reached our goal of 100,000 homes.

"I spoke with Lage today about measures being taken or that could be taken to produce more steel and cement for construction purposes. He was telling me that one of the Karl Marx cement factory's production lines will be restarted. We will either find the oil or use our own to restart the three lines, capable of producing between 200,000 and 300,000 metric tons to be used to meet urgent needs — mainly construction of low-cost homes, which only use 400 kilograms of steel. Other techniques use at least one more metric ton. We must consider the low-cost homes option and try to build about 50,000. That should be the goal. Of course, the low-cost option is better suited for cities in the country's interior. We must proceed with those efforts; we must continue to boost that effort. We must consider the situation the country is left in following all of this. No one can imagine. We suddenly lost 70 percent of our imports. No one knows how we have been able to sustain ourselves. Look at the schools; that is a heroic deed; the hospitals and all that are, too. The country has been able to organize despite all these problems. We can already see the first effects. Look what happened in European countries that received billions of dollars. That was still not enough. It is disastrous. They followed the path of the market economy. They destroyed the state and their history. That is a tremendous situation. The PRC did not do that. The PRC adopted its open economic policy about 20 years ago. I would like to point out that we are not in the same situation as the PRC and the SRV. We are blockaded. We are advancing despite the rigorous economic blockade that obstructs our path."

[Fernandez] As for the exodus to the nation's capital:

[Castro] "We will not be able to solve Havana's problems if we do not stem migration to the capital. We are studying the situation. The electricity network and waterworks could not support this. All of Havana's transportation problems — the streets, etc....[changes thought] Nothing in Havana will suffice if people continue to migrate to the capital. That must be stopped altogether. This aggravates the situation in Havana. Havana cannot continue to grow beyond its 2 million inhabitants; otherwise, we will never be able to solve its problems. Development in the provinces has helped stem migration to the capital. One of the Revolution's key policies was to develop the country's interior, if we can call it the interior. [chuckles]

[Fernandez] "You were visibly moved when you visited Playitas de Cajobabo on 11 April. How do you feel about this and Marti today, 26 July 1995, 42 years later?

[Castro] "That is almost a philosophical question. [chuckles]

"It would take an entire lifetime to fully understand all of Marti's thoughts and words, to study and ponder his words, and to finally internalize them. I have been a Marti follower for as far back as I can remember. I would like more time to get to know Marti even better. I read Marti's letters a few months ago. What a wonderful job they did proofing and preserving these documents! It is fabulous. I never get tired of reading any of Marti's writings: his speeches, his poems, his letters. [Words indistinct] his letters are marvelous. He began writing when he was very young. What he wrote in his claim to the Spanish Republic when he was 17 years old! His work on the Cuban political presidio is incredible! He

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was a genius. No one knows how he could assimilate and develop those ideas at such an early age. He died very young.

[Fernandez] "That message must be passed on to successive generations.

[Castro] "Of course. That is what you are doing. You said that you had not seen me since who knows when, but I see very often. [chuckles]

"Since you have the privilege of being the television reporter here, in Guantanamo, I see you all the time. You have been on the television just about every day in the run-up to the 26 July festivities.

[Fernandez] "Nevertheless, you have not visited my television studio.

[Castro] "No, but I must go some day."

Castro Chats With Crowd Outside Santa Efigenia Cemetery

FL2907015895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 29 Jul 95

[FBIS Translated Text] Commander in Chief Fidel Castro visited the Santa Efigenia Cemetery in Santiago de Cuba, where he paid homage to Cuba's fallen heroes.

On 12 December, 1953, from the prison on Isla de Pinos, Fidel wrote: I hope that someday in a free fatherland in the valient lands of the Eastern region, the heroic bones of our comrades will be collected and assembled in a great tomb near the Apostle, as martyrs of the centennial. Their epitaph will be Marti's thought: No martyr dies in vain, and no ideas are lost in the wind's tumult. They are scattered nearer or farther, but their memory remains, nor does any idea get lost in the twirling winds.

Outside the cemetery, Fidel spoke with the people there.

[Begin recording] [Castro] How have you spent the last few days? With a lot of celebrating? [Crowd shouts: Yes!]

[Unidentified speaker] The traditional celebrations, thanks to the Revolution's accomplishments.

[Castro] I have heard that they were very good. [Crowd: Yes, very good!] There was order, and no problems. There was no violence. [Crowd: No, No!]

[Unidentified speaker] We have adapted ourselves to discipline, thanks to you.

[Castro] I saw some images on television. All Santiago was present. [Crowd: All Santiago and the whole province!]

[Unidentified speaker] It's the tradition, Commander! Commander, just one thing: As a member of the Communist Party of Cuba and as having been formed by the Revolution, we would like to say to you that we — the people of Santiago —will stand by the cause until death. We are awaiting your orders to carry out any mission in the province or anywhere in Cuba, wherever you say.

[Castro] Today, the defense of Cuba is a great international mission. [Crowd: Yes!] It is a symbol. No one thought we could make it.

[Unidentified speaker] The United States thought that by now we would not even exist, but here we are, steadfast to the end.

[Castro] In (?98) when they came here, they did not let Calixto Garcia or Cubans enter. [Crowd: Exactly!]

[Unidentified Spanish tourist] Commander, when are you going to return to Santiago de Compostela [Galicia Region, Spain]? [crowd laughs, Fidel hugs and kisses women]

[Unidentified speaker] Our president sends his regards!

[Unidentified speaker] This resembles Santiago de Compostela.

[Castro] Are you from Santiago de Compostela?

[Unidentified speaker] Yes, it is true. We were there when you visited. [Crowd laughs] When are you going to return? We were there to greet you when you visited!

[Castro] I would like to thank you now because I did not get the opportunity to do so then.

[Unidentified speaker] That's why we are here now!

[Castro] You protect yourselves from the heat with those sunglasses?

[Unidentified speaker] Yes, that's right. It is very hot; we are burning up.

[Castro] How have you managed to endure this heat?

[Unidentified speaker] It's been very hard.

[Castro] That is what happened to the forefathers. No one knows how they endured the heat for four centuries.

[Unidentified speaker] The worst thing is the humidity. That...

[Castro, interrupting] Humidity is what makes the heat worse. People have left the Eastern region.

[Unidentified speaker] They went to Havana! [Crowd laughs]

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[Unidentified speaker] Commander, I have 11 brothers, nine of whom live in Havana. You see, I told them the Commander is going to kick you guys out and send you back here. [crowd laughs]

[Unidentified speakers] Please, just one photograph! [Fidel stands with a group of people]

[Unidentified speaker] The two Spanish women, too! [crowd applauds]

Robaina Gives Interview in Russia

PA2807123095 Mexico City NOTIMEX in Spanish 2354 GMT 25 Jul 95

[Report on interview with Foreign Minister Roberto Robaina by NOTIMEX correspondent Marcel Garces in Moscow; date not given]

[FBIS Translated Text] Moscow, 25 Jul (NOTIMEX) — Cuban Foreign Minister Roberto Robaina has asserted that many of socialism's original values remain intact and that beyond the dogmas, propaganda, and [word indistinct], Cuba maintains "an authentic and national socialism." Interviewed by NOTIMEX during his recent visit to Russia, which was a confirmation of the new rapprochement between both countries, Robaina admitted that the collapse of the Socialist community had negatively affected not only Cuba's economy, but its system of political and ideological convictions.

The Cuban foreign minister asserted that Cuba had not succumbed to disaster after the fall of the Berlin wall "because our mistakes did not even amount to half the ones committed by others." Beyond the dogmas, propaganda, and demonization, Cuba has demonstrated it has an authentic and national socialism that can resist the curse of the European downfall (of socialism)," he observed. Thus, it is a fallacy to deduce that because socialism fell in Europe it will also fall in Cuba, Robaina added. "We continue to believe in utopias" and sustain "the same privilege of dreaming with socialism, although it is not exactly the one that was known in Europe," he emphasized.

Robaina assessed that several factors and situations had combined to trigger the dismantlement of the socialist system. He, however, estimated that "many of the original values of socialism, in its ideological and political conceptions are intact and continue to be valid." He added: "Other conceptions were surpassed in time and there are others that prompt us to ask ourselves today, if they were really postulates or deformations of socialism."

"I have always thought that several socialist ideas withered and gradually became outdated. Marx and Lenin were translated and were not read or analyzed based on a world different to [words indistinct]," he noted. "Some areas attempted to become ideological centers, based on alleged seniority and experience rights, and they ignored much of what was happening outside that center," the Cuban official stated. He added that a concept without solid bases resulted in a lack of political culture and this turned many politicians into bad administrators, and, at the same time, produced an economic imbalance with respect to capitalism that [word indistinct] of bureaucrats [word indistinct].

We are learning from all this so that once we overcome the current crisis we can "continue with our Cuban model of socialism, with the broadest social democracy, justice, and human dignity," the Cuban foreign minister said. Cuba does not intend to [word indistinct] project to others, although Robaina said he was sure that "sooner or later, Latin Americans will start to move our economic, political, and social development models closer."

Referring to the Helms-Burton bill, which is being discussed at the U.S. Senate to stiffen the embargo that has been negatively affecting Cuba for more than 30 years, Robaina described the initiative as "an all-out war and death blockade to get Cuba to surrender." The initiative is "irrational" and "pure political pornography," the Cuban diplomat stated. "Every day we are more obliged to open spaces so that our truth can be known and that people have a more trustworthy image of Cuba. It is not the paradise that some imagine or the hell that some others depict it to be," he underscored.

"Relations could improve if they treated us as a sovereign and independent nation, if they respected our right to self-determination, and if they did not impose their obsessive conditions," Robaina indicated. "Cuba does not demand anything in exchange except respect to allow us to be as we are and as we chose to be. We have never asked them to change or stop being what they are," the Cuban foreign minister emphasized during the interview.

Robaina said that "it would be most natural for Cuba to strengthen its cultural, economic, geographic, and [word indistinct] with Latin America" and this has been the main tendency of its foreign policy. "We have always been furthering the construction of a tropicalized socialism, in a country that mixes [word indistinct] culture, the European chivalry and honor, the African courage and strength, and the Caribbean spice, color, and joviality," he said.

"We have had to muster Asian patience to withstand all the trials that fate has afforded to us," the Cuban official noted. "Without the sense [word indistinct] that the Cuban revolutionary and socialism project has had

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since its inception, we would not have survived the famous downfall of the soviet empire, Cuban Foreign Minister Roberto Robaina emphasized.

Cited on 'Crisis' Following Bloc's Breakup

FL2807143495 Havana Radio Progreso Network in Spanish 1100 GMT 28 Jul 95

[From the "Headlines" section of the "First Thing" program]

[FBIS Translated Text] Foreign Minister Roberto Robaina affirmed today that Cuba has weathered the worst of the crisis that broke out in 1989, following the Soviet bloc's breakup. Robaina is in Lima, Peru, for President Fujimori's inauguration.

Robaina Attends Fujimori Inauguration Ceremony

FL2907022295 Havana Cuba Vision Network in Spanish 1630 GMT 28 Jul 95

[From the "NTV" newscast]

[FBIS Translated Excerpt] Today in Lima, Peru, President Alberto Fujimori has initiated a second term in office. The inauguration ceremony took place just moments ago.

Cuban Foreign Minister Roberto Robaina attended the ceremony. Robaina has had an intense schedule, has met various personalities, among them Venezuelan President Rafael Caldera, as well as the presidents of Argentina, Paraguay, and Peru. Robaina informed the press that during his meeting with Caldera, the issues of bilateral relations and Cuba's and Venezuela's roles in the forthcoming summit of Caribbean countries, which will take place in Trinidad and Tobago in August, had been broached. [passage omitted]

Remarks Cited in Lima

PA2907022995 Havana Radio Havana Cuba in Spanish 1300 GMT 28 Jul 95

[From "The Morning Information Review" newscast]

[FBIS Translated Text] Foreign Minister Roberto Robaina has said in Lima that the island has overcome the worst of the economic crisis, even though serious difficulties still persist. Against all predictions, we have come out on top, the worst is over, and we did not disappear in 1989 as some had predicted, Robaina said. He heads the Cuban delegation to the inauguration of reelected Peruvian President Alberto Fujimori.

The Cuban foreign minister stressed that the U.S. blockade has been unable to prevent investments in Cuba by capital from Chile, Canada, Spain, Mexico, and other countries.

Meets With Venezuelan President

PA2807222795 Havana PRENSA LATINA in Spanish 1352 GMT 28 Jul 95

[FBIS Translated Text] Lima, 28 Jul (PL) — Cuban Foreign Minister Roberto Robaina, who is here to attend President Alberto Fujimori's second inauguration, has met with Venezuelan President Rafael Caldera in a climate described as friendly and cordial.

Leaving the Venezuelan Embassy, Robaina said he spoke with Caldera about the history of their countries' bilateral relations and the decision to "continue advancing along a very broad common front."

Robaina stressed to local and foreign reporters that they did not discuss points of disagreement between the two countries, but, rather, they spoke about several topics on which they agreed.

Moreover, he noted that the Venezuelan president specifically expressed his thanks to Cuban President Fidel Castro for attending the activities held recently by the Venezuelan Embassy in Havana to commemorate Venezuela's national holiday.

Caldera also asked Robaina to give his regards to the Cuban leader.

Robaina added that Caldera also stated his interest in arranging a future exchange of visits between the two foreign ministries.

During the meeting, Robaina and Caldera also spoke about the role of their respective governments at the upcoming Summit of the Association of Caribbean States (ACS), which will be held in Trinidad and Tobago because both Havana and Caracas are interested in having the ACS make its cooperation goals a reality.

Robaina attended the first ceremonies commemorating Fujimori's inauguration last night. In the coming days, Robaina plans to meet with other presidents and foreign ministers attending Fujimori's inauguration.

Meets With Bolivian President

PA3007193795 Havana PRENSA LATINA in Spanish 0024 GMT 30 Jul 95

[FBIS Translated Text] Lima, 29 Jul (PL) — Cuban Foreign Minister Roberto Robaina has met with Bolivian President Gonzalo Sanchez de Lozada to discuss the current status of relations between the two countries.

Robaina and Sanchez de Losada, who has attended the inauguration of Peruvian President Alberto Fujimori to a second term, has exchanged views on the furthering of ties between Cuba and Bolivia.

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After discussing issues of interest for Havana and La Paz, the Bolivian president asked the Cuban foreign minister to convey his greetings to President Fidel Castro.

PRENSA LATINA has learned that Robaina has also conveyed the Cuban head of state's greetings to Sanchez de Losada.

At the meeting, which was described as cordial and friendly, the representatives of the two countries also voiced their willingness to increase ties between Cuba and Bolivia in the various areas of their bilateral exchange.

The Cuban foreign minister also held similar meetings in the past hours with Venezuelan President Rafael Caldera, Colombian President Ernesto Samper, and five Latin American foreign ministers, among other activities.

In separate dialogues, which were described as positive, the Cuban minister has discussed issues of bilateral interest with his colleagues Jose Angel Gurria of Mexico, Jose Miguel Insulza of Chile, Alvaro Ramos of Uruguay, Luis Maria Ramirez of Paraguay, and Fernando Naranjo of Costa Rica.

Besides activities linked to Fujimori's inauguration, Robaina today continued meeting with Latin American personalities and granting numerous interviews to the media.

Robaina Arrives in Panama on Official Visit

PA3107022395 Havana PRENSA LATINA in Spanish 2332 GMT 30 Jul 95

[By Enrique Torres]

[FBIS Translated Text] Panama City, 30 Jul (PL) — Cuban Foreign Minister Roberto Robaina today arrived in Panama City on an official three-day visit at the invitation of the government of President Ernesto Perez Balladares.

Speaking to the press at the Tocumen International Airport, the Cuban foreign minister said his stay here is preceded by long-standing bilateral relations that have changed, at times, according to the situations prevailing in the two countries.

After reiterating, "there were always strong economic ties," Robaina stated that this issue will be an important element for his talks, not only because of the preceding ties, but also because of what Cuba is willing to do and its current opportunities.

Meanwhile, he said that in terms of regional affairs, we are busy with an upcoming Ibero-American Summit in Argentina, a summit of governors of the Association of Caribbean States in Trinidad and Tobago, and preparations for the meeting of the Nonaligned Movement and the UN anniversary.

Concerning the Helms-Burton draft law, the diplomat pointed out that those promoting this measure are making a mistake, because they not only want to interfere with the sovereignty of Cuba, but also the sovereignty of third countries, and this is why the international community strongly opposes it.

During his stay in this city, the Cuban foreign minister will have a very busy work schedule that includes meetings with the Panamanian president, his counterpart Gabriel Lewis Galindo, as well as with Government and Justice Minister Raul Montenegro, Commerce and Industry Minister Nitzia de Villarreal, and Health Minister Aida de Rivera.

This is the first official visit of a Cuban foreign minister to Panama since the U.S. invasion in December 1989, after which time bilateral relations cooled off considerably.

According to some analysts, Robaina's presence here could signify a strengthening of ties between the two nations in areas other than commerce.

Yesterday, the Cuban foreign minister met in Lima with Peruvian President Alberto Fujimori, with whom he discussed issues of bilateral interest as well as regional integration.

Fujimori talked with Robaina for more than an hour at the Government Palace in a meeting that was described as friendly, fraternal, and of broad mutual understanding.

[Panama City ACAN in Spanish at 2109 GMT on 30 July transmits a related 350-word report on Robaina's arrival, adding, "He did not want to confirm that the main purpose of his visit was commercial in nature, but he noted that 'the important priority for Cuba is to find an economic solution' to the blockade it has endured for more than 30 years — a blockade the United States is now planning to harshen via a law currently being discussed in the U.S. Congress."]

Sugar Industry Minister Comments on Repairs in Mills

PA2807222895 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jul 95

[Report on interview with Sugar Industry Minister Nelson Torres by an unidentified reporter in Villa

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Clara; date not given; from the "National Radio News" newscast — recorded]

[FBIS Translated Text] [Reporter] Mr. Minister, we know repairs have been made all across the country with more than 100,000 tonnes of laminated products and thousands of tonnes of other products. How have you been able to conduct the harvest and make repairs with barely 25 percent of what was needed?

[Torres] We have worked hard to regain efficiency and technological discipline. We have worked very hard to train the men who work in the boilers. We have worked hard on insulation — the thermal insulation that had been neglected.

[Reporter] That is very important, because I heard you explain that the steam that was escaping in the sugar mills was equivalent to the capacity of one entire boiler.

[Torres] There were many sugar mills where the capacity of an entire boiler was lost because of inefficient combustion of waste pulp in the boiler, losses during the process, and leaking valves. The loss in some sugar mills was more than the capacity of one boiler. In others, the loss was equivalent to a boiler, but in all of the sugar mills we have equipment that we can preserve and use more efficiently.

We have made great efforts to do this, as well as to prevent so many electric engines from burning up. Many electric engines burn up in the sugar industry, because we have failed to do preventative calibrations, properly adjust the engines, waterproof panel boxes, or construct fairings. Some 70 percent of our mill's roofs have leaks, even though they should be in good condition. Often, however, when it rains, the engines get wet. We cannot have engines unprotected from water, because we do not want them to burn up and, in turn, hinder and bring sugar processing to a halt. Also, replacing the engine or cooling the engine is costly in terms of foreign exchange.

[Reporter] August and September are key months for repairing the sugar mills, the means of transportation, and railroads.

Haiti

Aristide Conducts Tour of Northeast

PA2807215495 Port-au-Prince Signal FM Radio in French 1030 GMT 28 Jul 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] President Jean-Bertrand Aristide is expected today in Cap-Haitien — the second leg of a 24-hour tour of northern Haiti. Yesterday, the Haitian head of state was received triumphantly by the people of Fort Liberte in the northeast. Jean-Bertrand Aristide announced to the people of this region the launching in the more distant future of several projects, such as the electrification of the Northeast Department, the construction of roads, and so on. President Aristide proceeded to distribute 25,000 gourdes to several inhabitants in the area. Aristide said the following:

[Begin Aristide recording, in Creole] You in the northeast, you in Fort Liberte, how are you? Is life... [pauses] is life manhandling you a lot? [crowd responds: "Yes"] This means you [words indistinct]. [applause] I suppose you have many dreams [words indistinct]. Our ancestors also had great dreams. When you are in Fort Liberte, you are dreaming of liberty, equality, and fraternity. [applause] When you dream of liberty, equality, and fraternity in the northeast, as anywhere in the country, you will dream of being at ease someday, of living well, and of not having the problems that exist now, will you not? [crowd responds: "Yes"] Last year, at this time, we had one great dream among others. We had a nice dream. Was this dream not to have the egg return (?from where it came)? [applause] [end recording]

Today, the Haitian head of state will be received in Cap-Haitien by the people of this city, and he will be back in Port-au-Prince later today after his tour concludes.

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Zedillo Reasserts Faith in Economic Recovery

PA3107033795 Mexico City XEW Television Network in Spanish 0430 GMT 28 Jul 95

[Report by Eduardo Lugo from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] President Ernesto Zedillo has begun a two-day working tour of four states of the republic. He will inaugurate industrial facilities that represent employment for the Mexican people and confidence in the nation's economic future.

President Ernesto Zedillo said in Guanajuato that the Mexican people want a new federalism that harmoniously and efficiently reflects state sovereignty, the freedom of the municipalities, and the federal government's constitutional authority. This new federalism, the president said, should be based on a fulfillment of duties and a genuine ability to adopt decisions.

[Zedillo] "We will build a new federalism here in Guanajuato and all across Mexico, decentralizing tasks, fiscal resources, and public programs based on the appropriate criteria of efficiency and equity in providing services to the people."

President Ernesto Zedillo on Thursday carried out a working tour of Guanajuato and Tamaulipas States. At El Bajio International Airport, the president read a message to the people of Guanajuato and reasserted his pledge to efficiently support the state's new PAN [National Action Party] government led by Vicente Fox Quesada.

[Zedillo] "As president of the republic, I am sure Governor Fox will rule for everyone in Guanajuato, and he will always find that the federal government and the president of the republic fully support him."

Zedillo said 3.167 billion new pesos will be allocated for Guanajuato within the framework of the federal pact. In Silao, the president visited an automobile assembly plant that formally began producing vehicles today. In San Jose Iturbide, he unveiled a plaque inaugurating a new toiletries factory. In the afternoon, while at the industrial port of Altamira, Tamaulipas State, the president inaugurated two industrial facilities, and he attended a meeting on national and international investments and the creation of productive jobs. The president admitted that the economic crisis has led to a considerable increase in unemployment levels, but, he reasserted, thanks to the great efforts exerted by all of the Mexican people, there are clear signs we will soon overcome the current economic crisis.

[Zedillo] "After seven months of discipline and hard work, the nation's most important financial indicators are now showing signs of improvement. Foreign currency markets, interest rates, and the inflation index already actually show us we will soon overcome this crisis. [applause]"

While in Altamira, the president was briefed on the investment pledge of four important enterprises that will generate thousands of direct and indirect jobs, and he delivered 1,200 industrial hectares for the promotion of new investments.

President Zedillo was accompanied on this working tour by the commerce and communications secretaries, the Pemex [Mexican Petroleum] director, and the governors of Guanajuato and Tamaulipas in their respective states. After concluding his tour, the president returned to Mexico City.

Government To Establish Secondary Stock Market

PA3007155095 Mexico City Radio Red Network in Spanish 0000 GMT 28 Jul 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] Mexican Social Development Secretary Carlos Rojas Gutierrez has reported that the government is planning, with U.S. advice, to establish a secondary stock market. The measure is aimed at increasing financing options for the construction of houses and mortgages and to further the participation of Mexican public and private organizations, as well as foreign investment.

Measures To Strengthen Public Finances Announced

PA3007182495 Mexico City XEW Television Network in Spanish 0430 GMT 29 Jul 95

[Report by Vicente Lopez Segura from the "24 Hours" newscast]

[FBIS Translated Text] Finance and Public Credit Secretary Guillermo Ortiz has announced a new federalization in the finance sector.

Ortiz has participated in the national meeting of public fiscal employees in Puebla. He has announced various actions to strengthen state and municipal public finances so they can count on more sources of revenue of their own within the framework of the federal pact.

Ortiz has said President Ernesto Zedillo will send the Congress of the Union a bill of reforms to strengthen the tax system in states and municipalities:

[Begin Ortiz recording] In particular, two ways will be proposed to increase direct sources of state revenue. One would be sharing with the states certain powers

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reserved for the federation, and another would definitely eliminate certain taxes at the federal level so that local governments will have sole responsibility for establishing, controlling, and collecting taxes. [end recording]

Ortiz has said this measure will help increase the total amount of resources to be distributed among government agencies. He has said that the ongoing process of federalizing educational expenses will be consolidated and that the decentralization of expenses will be decisively promoted in the areas of health and agriculture.

Regarding a demand made by certain governments in northern Mexico, he has said:

[Begin Ortiz recording] In order to resolve the problems affecting those municipalities that have toll bridges, we will propose an increase in the federal funds allocated to these municipalities to 25 percent of the gross income from toll bridges; this increase is equivalent to approximately 50 percent of the net income, which border communities have repeatedly requested. [end recording]

Ortiz has said plans will be promoted to help balance state and municipal public finances and to alleviate their public debt.

Labor Secretary on Unemployment, Investments, Reforms

PA2807154295 Mexico City Radio Red Network in Spanish 0000 GMT 26 Jul 95

[Report by Victor Manuel Suberta; from "The Night Monitor" newscast]

[FBIS Translated Text] Good evening my fellow listeners. I have a report on a brief and impromptu interview with Santiago Onate Laborde, labor and social welfare secretary, which we were able to obtain while he was walking down a flight of stairs.

The labor secretary commented that the repercussions of the crisis on the country's productive plant are under control, reason why there are grounds to perceive that by the end of the year there will be an increase in available job positions.

Onate Laborde contends that it has been possible to restrain the growth in unemployment because of two main ingredients: renewed investors confidence, and thanks to the positive results of the government's fundamental strategy.

Nevertheless, the government official acknowledged that there are still some areas, such as the construction sector, that are still depressed. On the other hand, the labor secretary pointed out that there have been other sectors that have experienced a certain degree of reactivation mainly because of their capability to export.

[Begin Onate recording] The major effects of the economic crisis over the productive plant came about during the first half of the year taking the shape of significant unemployment.

Likewise, we have pointed out that renewed investors confidence, and the restart of productive investments, which we forecast will take place during the second half of the year, will allow us to curb any further growth in unemployment. This will make possible a general improvement that will lead to job creation by the end of this year and beginning of 1996.

What we are currently encountering are depressed sectors, together with job losses, but mostly in the construction sector... [end recording]

The labor secretary added that talks between employers and union leaders are still taking place in order to implement reforms to the country's labor legislation, particularly, Article 123 of the Constitution, and the Federal Labor Law that legislates this article.

This report is part of an interview granted by Labor Secretary Santiago Onate who took part in the ceremony where the Agreement on Environment Protection Cooperation, and Industrial Competitivity was signed this morning at Los Pinos Presidential Palace.

Labor Congress President Discloses Unemployment Figures

PA3007153695 Mexico City XEW Television Network in Spanish 0430 GMT 29 Jul 95

[Report by Santos Briz from the "24 Hours" newscast]

[FBIS Translated Text] The economic crisis is hitting millions of Mexicans who have lost their jobs.

At a news conference in Mexico City, Labor Congress President Rafael Riva Palacio Pontones has disclosed Mexico's current unemployment figure:

[Begin Riva Palacio recording, in progress] ...about 10 million. [end recording]

Riva Palacio Pontones, who is also the Infonavit [Institute of the National Fund for Workers Housing] secretary general, has affirmed that hundreds of businesses have stopped paying their contributions to this institute as a result of Mexico's crisis:

[Begin Riva Palacio recording] Due to a lack of resources, businesses prefer not to make payments to Infonavit or Social Security. [end recording]

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He has said Infonavit must reorganize its mechanism to give credit because the lowest paid workers are being left without the opportunity to obtain a home.

Secretary on Privatization of Natural Gas This Year

PA2807172995 Mexico City NOTIMEX in Spanish 0032 GMT 26 Jul 95

[FBIS Translated Text] San Antonio, 25 Jul (NOTIMEX) — Permits to distribute and transport natural gas in Mexico will be made available to private investors this year, Mexican Energy Secretary Ignacio Pichardo Pagaza said here today.

In an interview with NOTIMEX, the official stated that the permits will be given once the new regulation that will govern the opening of the natural gas industry in Mexico goes into effect in late August.

This Tuesday, while beginning a working tour of Texas, Mexico's secretary of energy, mines, and parastate industry (Semip) attended the Annual Convention of the U.S. Society of Public Administration in San Antonio.

Pichardo Pagaza remarked in the interview that Mexico will analyze Texas' experience in the operation and regulation of natural gas to adjust them to its needs, and announced that Semip contemplates the future sale of natural gas to the United States.

"One of the elements proposed in the regulation initiative is the free importation of natural gas," Pichardo Pagaza asserted regarding that document presented to the Mexican Senate last Thursday.

"But on the other hand, one of the policies of Semip is to increase the production of natural gas not only to stop importing, but to begin exporting in the future to the United States from (the states of) Coahuila, Tamaulipas, and Nuevo Leon," the official added.

Pichardo Pagaza will speak tomorrow, Wednesday, in Houston in a seminar organized by the associations of Mexico and the United States related to natural gas.

"We are going to analyze (in the seminar) the state of Mexican regulations regarding natural gas. That is why Doctor Hector Olea, president of Mexico's Energy Regulating Commission, who works in the project, will be present," he indicated.

The official explained that the consultation period of the natural gas regulating initiative, which began on 10 July, is expected to last 40 days.

Organizations, specialists, and businessmen participate in the consultation on the regulation of [words indistinct] to the participation of private, national, and foreign investment for storing, transporting, and distributing natural gas in Mexico.

"We are listening to the viewpoints of businessmen, universities, organizations of producers and distributors, (state-owned firm Mexican Petroleum) Pemex, and large consumers such as the Federal Electricity Commission. He added that at the end of the consultation period the [word indistinct] will be finally revised and published, adding "we believe this may occur in late August."

Pichardo Pagaza expressed that once the regulation goes into effect, Semip will be able to begin granting permits requested by private citizens for the construction of pipelines for large consumers and [words indistinct].

"In other words, this same year the natural gas industry will begin to open up," the official underscored.

The Mexican secretary of energy said that in Houston he will make contacts with the authorities who regulate the energy sector in Texas with the purpose of exchanging experiences on the regulation of natural gas.

"What we are doing is to use their experience to later adapt it, transform it, and use it because the industry has been many years in Texas, state which supplies a large part of the industrial northeast of the United States," Pichardo Pagaza explained.

He added that the regulation should include such topics as the transportation of gas, the authorization for establishing long-term contracts, and the definition of disputes between producers, distributors, and transporters.

"The experience of an energy-producing state like Texas will be very useful for us and that is why we care to see how (that industry) operates and is regulated," the official expressed.

Pichardo Pagaza concluded that the situation of the energy sector in Mexico is more similar to that of the canadian provinces of Alberta and British Columbia, where authorities control the gas and petroleum resources, as well as the respective concessions.

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El Salvador

President Chides Governor for Supporting 'Black Shadow'

PA2807142595 San Salvador LA PRENSA GRAFICA in Spanish 27 Jul 95 p 3A

[FBIS Translated Text] President Armando Calderon Sol said on 26 July that San Miguel Governor Mario Bettaglio will have to explain the remarks he made concerning "The Black Shadow."

Calderon said that the governor's remarks were unfortunate because no one can say that the actions of a clandestine group are a necessary evil.

Calderon Sol said that through Interior Minister Mario Acosta Oertel [title as published] the governor has been asked for an explanation because his position differs from the government's.

Bettaglio described "The Black Shadow" as the "people's Robin Hood," because in San Miguel "it did not only do evil."

Since 20 July the National Civilian Police (PNC) has been conducting operation "Ogre" to disarticulate the organization, which has been operating since 29 December 1994.

At the outset the police captured 16 people, but the judge in San Miguel only issued arrest warrants against 14 people. The investigation is still in progress.

The president emphasized: "We are awaiting an explanation from him because I believe that when a ranking official makes remarks that make no sense, that go against the entire system and the humanistic position the administration defends, they cannot be misinterpreted."

Calderon, who participated on 26 July in the closing of Santa Ana's patron saint events, underscored the work carried out by the PNC because the arrests in San Miguel have been a victory for the people and they say a lot about the state of law that is being established in El Salvador.

Various sectors and the detainees' relatives have said that they are innocent and that the police got carried away by speculation. Nevertheless, the president said that the judge and the investigations will determine their innocence or guilt.

"Our institutions and legal orde, are functioning, even though there are people who still do not understand that a judge can evaluate evidence and determine merit for arrests or releases," he said.

Legal Aid in the United States

President Calderon explained that legal aid offices will be opened at El Salvador's consulates in the United States, so that Salvadorans can promptly renew their refugee or permanent residence status.

"This is truly an achievement, it means that we are gradually opening doors and raising the North American people's consciousness about our fellow countrymen's situation," Calderon said.

Confirms Avila

Calderon Sol announced the confirmation of Engineer Rodrigo Avila as director of the PNC. He will be sworn in on 29 July.

On 1 July 1994 Avila replaced PNC Director Jose Maria Monterey, who resigned because of his family ties to the president.

Guatemala

Prosecutor Describes Colonel's Ties to CIA as Treason

PA2907140595 Guatemala City LA REPUBLICA in Spanish 28 Jul 95 p 2

[FBIS Translated Text] A Guatemalan Army colonel blamed for the murder of a guerrilla and a U.S. citizen could be charged with "treason to the fatherland" if it is proved he was a contract CIA informant.

An in-house CIA investigation has confirmed that Colonel Julio Alpirez worked as a paid informant for that organization, from which he received $44,000 in 1992.

Nevertheless, neither Guatemalan President Ramiro De Leon, his foreign minister, Alejandro Maldonado, or the Army accept this version and are awaiting an "official" report to determine what legal steps to follow. Alpirez was suspended as subcommander of "La Aurora" military base in this capital after he was linked to the murders of U.S. hotelier Michael Devine and Guatemalan guerrilla Efrain Bamaca, married to U.S. attorney Jennifer Harbury.

According to Prosecutor General Silvia Jerez, the law describes Alpirez' alleged relationship with U.S. intelligence as a crime of "treason and espionage."

Jerez has said he will request from the U.S. Government through the Foreign Ministry the 700-page CIA report.

Attorney Oswaldo Enriquez, a director of the Human Rights Commission of Guatemala (CDHG, private), has said receiving "orders" from authorities from other

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countries to "execute" fellow citizens is a crime of "treason."

According to international law, it would be a case of "crime against humanity," because the officer is accused of Bamaca's kidnapping, torture, and illegal execution, said Enriquez, who is vice president of the International Human Rights Federation, based in Paris (France).

Based on various depositions, the judicial authorities have determined the guerrilla was captured alive following a clash in 1992, held as a prisoner of war, interrogated under torture, and murdered by the military.

The CIA report accepts that its agents [agentes] in Guatemala committed mistakes, but not crimes, by not informing their superiors of their clandestine activities.

Even though the report does not directly blame Alpirez for the deaths of Bamaca and Devine, it admits the Guatemalan officer presumably interrogated both prior to their deaths.

Notwithstanding, as far as the president is concerned, the outcome of the in-house CIA investigation is more serious for the United States, because it would prove that country's "meddling" in Guatemala's internal affairs by "confessing" it had paid to commit the crime.

"It is a delicate and complicated affair of incredible proportion for the United States," De Leon has said, adding the "incursion" in the affairs of other countries "is something we have always known."

Maldonado has said he has requested Edmond Mullet, Guatemala's ambassador in Washington, to try to obtain the voluminous file, if it is a "public document."

"The essential thing for the government is that we must base ourselves on true, obvious, and provable facts. Even the actual document (from the CIA) will have to be verified," the foreign minister has said.

General Marco Gonzalez, chief of staff of defense, has said he has summoned Alpirez to learn "his personal insight" as to the "new course" the case has taken.

He has said the Army up to this moment firmly maintains its position that Alpirez "was not a CIA agent."

U.S. attorney Jennifer Harbury, currently in Guatemala, has demanded that her government "declassify" the secret information about CIA operations in order to clarify thousands of murders in this country.

This opinion is shared by Enriquez, who believes that what is "essential" is to discover the CIA's clandestine operations in Guatemala.

President Denies URNG Trial Would Endanger Peace Process

PA2907031595 Guatemala City Televisiete Television in Spanish 1900 GMT 27 Jul 95

[From the "Channel Seven News"]

[FBIS Translated Text] President Ramiro De Leon Carpio has denied that an eventual trial against URNG [Guatemalan National Revolutionary Unity] commanders might delay the peace negotiations. The president said that the peace process is on a proper course, but that parallel to the peace negotiation illegal acts are being committed, such as terrorist bombings, and that those responsible for these acts must be brought to trial.

Rios Montt Accuses Government of Blocking his Candidacy

PA2807183795 Guatemala City Televisiete Television in Spanish 1900 GMT 27 Jul 95

[Interview with Guatemalan Congress President Efrain Rios Montt by unidentified reporters; place and date not given; from the "Channel 7 News" — recorded]

[FBIS Translated Text] [Reporter] General Efrain Rios Montt, the Guatemalan Congress president [and Guatemalan Republican Front, FRG, presidential candidate hopeful], has accused the government of blocking his political participation as presidential candidate.

[Rios Montt] Previously, when we were invited to attend the signing of the pact, I informed the president that he and other people in the executive government team, had already issued their opinion on my specific case. Having done so, their opinion automatically became an order and was thus complied.

[Reporter] (?Are you trying to say that) the executive is not interested in your participating as a presidential candidate?

[Rios Montt] He is not interested, he is the only one interested. [sentence as heard]

[Reporter] Why, General?

[Rios Montt] Because the executive is a working team, ensconced in the nation, that has simply been displaced from it.

[Reporter] [words indistinct] the president in this decision?

[Rios Montt] The system is so full of... [pauses] so well stitched together, that one goes on to become part of the system, voluntary or involuntarily, conscious or unconsciously.

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[Reporter] What are the consequences of your not been registered in the [words indistinct]?

[Rios Montt] We cannot talk about any consequences of a subversive nature, or passive or heated reactions. The only thing I really know is that the right and justice were tangible in 1990, and I was not registered. Two and one-half years later, the entire system fell but the roots of the system stayed on, became embedded again, and today, they do not allow me to register. But you reap what you sow, so I do not know what will happen.

[Reporter] You believe the next government will be a weak one?

[Rios Montt] If I [words indistinct] it will not be very strong.

[Reporter] Do you still hope to be registered?

[Rios Montt] The FRG will get to power and that is what is bad...

[Reporter interrupting] With you at the helm?

[Rios Montt] With the FRG at the helm.

FRG New Presidential Ticket Announced

PA2907012095 Guatemala City SIGLO VEINTIUNO in Spanish 27 Jul 95 p 2

[FBIS Translated Text] As a result of General Efrain Rios Montt having been barred from running as presidential candidate, Mrs. Maria Teresa Rios Montt — his wife — and Harris Whitbeck Pinol, will be the candidates on the new presidential ticket of the Guatemalan Republican Front [FRG].

Prior to receiving the adverse notification, Rios Montt told the media that his party has yet to establish the strategy it will follow, but, he noted, it is considering other presidential formulas because deliberation on this matter would be a problem because *it would be like banging one's head against a wall.*

He added: *Maria Teresa, Harris Whitbeck, Arturo Soto, Francisco Reyes, and Gabriel Orellana could form part of a new option, although for the project to have some credibility it would be good if I were the one to head the national ticket.*

Meanwhile, Deputy Gabriel Orellana Rojas said that although no final decision has been adopted on this issue, it is possible that the wife of the general could be the one to replace him, but not before the movement studies the possibility of presenting a nullity appeal against the resolution of the Citizens Register and then a writ of amparo.

When asked if there is any norm prohibiting Mrs. Rios Montt from participating in elections, Orellana, an attorney, said this issue has not been discussed completely, but recalled that the Constitutionality Court has stated that prohibitions apply only when the chief of state or caudillo is in power.

Orellana added: *There is also the Inter-American Human Rights Convention, which says that penalties must affect no one other than the penalized person.*

Gabriel Orellana affirmed that Rios Montt's wife is not affected by Constitutional Article 186, which prohibits relatives with up to a fourth degree of consanguinity, and in-laws with up to a second degree of affinity, of caudillos and chiefs of coup d'etats, from running for the post of president or vice president, but Francisco Palomo, an attorney, said that the prohibition is clear.

Palomo stated: *The norm that served to reject Rios Montt's registration also applies to his wife. I believe the prohibition established in Article 186 of the Constitution incapacitates her.*

When asked about the Constitutionality Court's ruling that Mrs. Rios can participate, Palomo said that in his opinion, the lady is in the same situation her husband is and the court's evaluation would have to be reviewed and analyzed more carefully.

Nicaragua

Official Notes Progress of U.S. Claims

PA3107005795 Managua EL NUEVO DIARIO in Spanish 29 Jul 95 p 2

[Report by Sergio Martinez]

[FBIS Translated Text] In light of the fact that before 31 July the U.S. President must correct Senator Jesse Helms' perception that the Nicaraguan Government has not made sufficient progress in resolving claims by U.S. citizens whose properties were confiscated by the Sandinists, on the afternoon of 28 July, Deputy Property Minister Leopoldo Lopez [title as published] gave an assessment on the progress made in the first half of 1995.

During a news conference, the deputy minister referred to cases in which U.S. citizens have claimed ownership of properties, saying that many factors must be taken into consideration: First, there are some North American claimants vis-a-vis a second group of nationalized North Americans; and second, about one-third of the U.S. claims are affected by Decrees 3 and 38, which make them difficult to resolve politically. Lopez added that 40 percent of the properties are residences, which are not easy to restore, and some claimants are not accepting compensation.

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Increase in Rate of Resolution

Nevertheless, Lopez noted that over the past seven months, including December 1994, the average number of cases resolved has increased from 6.9 cases per month to nearly 50, an increase of 800 percent. These results have been presented to the U.S. State Department and U.S. congressmen, who expressed their satisfaction with the progress the Nicaraguan Government made. Nevertheless, THE NEW YORK TIMES warned that on 28 July Sen. Helms' vindictive spirit and his fabrications are threatening the meager foreign aid Washington gives to Nicaragua.

Chronology of Progress

The deputy property minister presented a diagram depicting the chronology of progress made over the past few months with regard to the U.S. citizens' claims.

"It is still important for the Nicaraguan Government to emphasize its commitment and to resolve all cases before June 1996," Lopez said. When dealing with properties characterized as being "in the state's hands," it must be stressed that between June 1993, when the initial steps were taken to resolve these cases, and today, the number of cases filed by the U.S. Embassy has increased 20 percent. Most of these claims have increased pressure on the facilities used by the government.

Cases Reported by the U.S. Embassy

The report states that of the 76 cases reported by the embassy, only six are pending resolution, and five have received offers of definite resolution by the government.

"Despite constantly changing targets resulting from the new cases that have gradually been included, this figure is still minimal and represents the most complex cases," Lopez said.

In an editorial, THE NEW YORK TIMES asserted: "The area claimed by former landowners in Nicaragua constitutes one-fourth of the country's arable land. The estimated cost of compensation is 35 percent of the GDP, which is clearly beyond the Nicaraguan Government's means to resolve immediately."

Necessary Correction by Clinton

"Nicaragua already has resolved 2,200 claims, and 3,000 more are pending, including nearly 640 by U.S. citizens. To cut off $30 million in aid to Nicaragua will not help hasten the compensation process," the U.S. newspaper said.

THE NEW YORK TIMES also stated: "President Bill Clinton should correct the situation before 31 July by stating that the measures undertaken by Nicaragua to resolve these disputes, as well as the human rights situation in Nicaragua, are satisfactory; otherwise, the aid may be eliminated unless Clinton decides to remove these conditions."

Further on the Property Issue

Along with the issue of the North American claimants, in his evaluation Lopez mentioned the organizational system, stating that the problem with the property issue as it currently stands is that it requires a high degree of coordination among various government institutions. "Coordination among these institutions and their top employees is fundamental to proper development and efficiency."

Today, there are three boards of directors and five interinstitutional committees making decisions regarding property. As for the manner in which the issue has been considered so far, there are basically three key variables: the compensation and restoration plan, security in terms of the ownership of land, and the correction of abuses.

Lopez also discussed the complexity of the property problem, the strategic plan for 1995, and the progress made, particularly in the compensation and restoration plan, the value of securities, ownership security, the correction of abuses, the installation of an office in Miami, the case of the North Americans, arbitration, and mediation. Lopez also mentioned the bills dealing with property stabilization and other challenging property-related issues within the next year, including urban and rural property and compensation securities.

Presidency Minister Lacayo To Step Down 7 Sep

PA2807210595 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 28 Jul 95

[From the "National Newscast"]

[FBIS Translated Text] In a six-point letter, Presidency Minister Antonio Lacayo asked President Violeta Barrios de Chamorro for permission to leave office on 7 September to devote his full attention to work on the National Project [Pronal] as a political alternative for the 1996 elections and to defend, as a private citizen, the political rights taken away from him, such as the right to vote and be elected.

In his letter, he said, however, that he will support the candidate that Pronal's Electoral Committee [Colegio Electoral] chooses in the primary elections scheduled for February and March 1996. Lacayo thanked President Chamorro for the confidence she placed in him to head the UNO [National Opposition Union] campaign, to lead the transition team, and the Presidency Ministry.

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I will remain a soldier prepared to do anything for you and for the people who make up this great nation, the letter concluded.

[Begin recording] [Lacayo] I am leaving to work full time for Pronal, as I stated on 23 April when we launched Pronal. Now the only new factor is that we know the date when I will leave to devote myself to that endeavor. As a democrat, I believe the country needs at least three options. Sandinism alone, or the alliance of [Managua Mayor Arnoldo] Aleman alone, is not enough. Many people do not find them an appealing option, and for this reason Nicaraguans were asking for something new. Pronal is the answer. It will open doors for all people of goodwill who want to work for peace in this country, for freedom, democracy, and economic development.

[Chamorro] I am going to miss him. He is my son-in-law and we will continue to see each other. He is going to work for something that I do not want destroyed; that is, Pronal. You were just asking me, I imagine you are all wondering about who is going to replace Antonio. Wait and see.

[Unidentified reporter] Could it be (Engineer Cardenas)?

[Chamorro] What?

[Reporter] (Engineer Cardenas)?

[Chamorro] Wait and see. Wait and see.

[Reporter] But, will Lacayo continue to support your government?

[Chamorro] Let me tell you something. Antonio has worked with me for a long time. We have been working together since before the campaign. At that time, the country was taken over and completely controlled by the Sandinists. We worked to achieve freedom and democracy. We received friends who wanted to know what was happening when LA PRENSA was censored. We then formed a group of 14 political parties. Together, we campaigned and won, and Antonio Lacayo was unanimously accepted, or rather, appointed campaign chief. Thank God, because I like to work with a relative, which now seems to have become taboo.

[Reporter] Mrs. Violeta, are you going to back...

[Chamorro, interrupting] I am going to back Pronal because I do not want to see the destruction of what we worked for. I do not say this because Antonio is going to be a candidate. He will be the candidate if people want him. Actually, they can choose Juan, Pedro, Luis, or whoever they want. I want this group, this party that is being formed, to further the well-being of all Nicaraguans. [end recording]

Businessmen Doubt Trade With Cuba To Increase

PA2807031095 Mexico City NOTIMEX in Spanish 2053 GMT 26 Jul 95

[FBIS Translated Text] Managua, 26 Jul (NOTIMEX) — Nicaraguan businessmen today said that an increase in trade with Cuba in the next few years is not very probable because of the scarce supply of exportable products in both countries.

Orestes Romero Rojas, executive secretary of the Superior Council of the Private Enterprise [COSEP], told NOTIMEX: "I do not envisage greater trade levels with Cuba, because that country and Nicaragua do not have big export levels."

The leader of the organization that includes the majority of Nicaragua's businessmen said: "The two countries are (almost) monoproducers and could end up selling each other the same products."

Nicaragua is the only Central American nation that maintains diplomatic and commercial ties with the Havana government, although the level of commercial relations "is not significant," said Foreign Trade Director Oscar Aleman.

Following the victory of the Sandinist revolution in 1979, the government headed by Daniel Ortega renewed diplomatic and commercial relations with Cuba, a decision that was maintained by the administration of President Violeta Chamorro when she assumed power in 1990.

Aleman told NOTIMEX that "the commercial opening initiated by the Chamorro administration includes Cuba," but he acknowledged that at present these relations with the Caribbean island "are minor."

Aleman gave no details on bilateral commmerce but commented that "Nicaragua buys pharmaceutical products from Cuba, and we sell them beans, among other staples, and rum."

Aleman said business relations with the island "will increase as Cuba improves its economic situation."

He added that the Cubans "must have an efficient shipping system" if they want to increase their commercial relations with the Central American region.

Romero agreed with Aleman on this issue and said that Nicaragua's businessmen "are interested in knowing what products Cuba can export, the quality of these products, their prices, and the time it takes to deliver them."

Romero and Aleman did not agree on the significance of the political isolation of the socialist government in

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Havana. The business leader underlined the importance of the political aspect, saying that for a commercial opening to take place, the OAS-imposed sanctions against Cuba must be lifted.

The Havana government has been out of the OAS since 1962, the year in which the United States imposed an economic blockade on the island.

Aleman said: "We have placed the political aspect aside." He added: "The only limit Nicaraguan businessmen have for doing business with Cuba is their own initiative."

The Nicaraguan official backed Central American Parliament [Parlacen] Deputy Fernando Muniz' idea to propose to the governments of the isthmus a commercial opening with Cuba in the next few years.

Muniz, president of Parlacen, recently announced in Guatemala that this initiative will be presented in August during a full session of the regional forum in Panama.

"We would like to see other (Central American) countries moving closer to Cuba," said Aleman commenting on Muniz' proposal.

Panama

ARI Chief Notes Impact of U.S. Departure

PA2807161695 Panama City EL PANAMA AMERICA in Spanish 26 Jul 95 p A-3

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] The departure of U.S. military forces from Panama will cause export losses ranging between 10 to 15 percent, Nicolas Ardito Barletta, administrator of the Interoceanic Region Authority (ARI), said yesterday.

Ardito Barletta said the departure of U.S. troops from Panama means that the national economy will lose an "aggregate value" fluctuating between $200-$400 million a year.

As a result, Ardito Barletta said, the National Banking Center should become the leading promoter of the reverted areas as an investment center for foreigners.

He made these statements during a symposium on the "Development of the Reverted Areas," offered to representatives from 76 banking institutions.

"In an economy with such a small market as ours, with 2.5 million people, we need a development model that will allow a sustained growth geared toward other countries to increase and diversify Panamanian exports," he said.

If this goal is not achieved, Panama will not have a dynamic and sustained growth, he said.

He added that the reverted areas can be used for local and foreign private investment.

Cuba's Robaina To Visit; Envoy to Taiwan Replaced

PA2907034695 Panama City Circuito RPC Television in Spanish 2300 GMT 28 Jul 95

[Report by Alexandria Ciniglio from the "RPC Television News" newscast]

[FBIS Translated Text] The Panamanian Foreign Ministry has confirmed to RPC Television its decision to make changes at the Panamanian Embassy in Taiwan. These changes will begin with the transfer of the current ambassador, Isaac Hanono.

This information was released by the ministry's Political Affairs Director Jose Isabel Blandon who said that the Taiwan Government has already been notified regarding the change.

[Begin recording] [Blandon] The Foreign Ministry, under the leadership of Gabriel Galindo and in coordination with the president of the Republic, in a normal ministry procedure, has informed our ambassador in Taiwan that he will be transferred and reassigned to another area to reinforce the Taiwan area.

[Cinigglio] Does this have any relation to the case we were discussing regarding the agreement with Taiwan in the areas...

[Blandon, interrupting] No, this has absolutely nothing to do with the negotiations that are under way, because those negotiations are being carried out directly between the two Foreign Ministries. [end recording]

Until today, the post of ambassador to Taiwan was occupied by Isaac Hanono. The president will decide who will replace him.

In addition, the Foreign Ministry announced that Cuban Foreign Minister Roberto Robaina will arrive in Panama on Sunday for an official visit.

[Begin Blandon recording] He has been invited by the Panamanian Government to review the status of current relations between our two countries, the differences between the two nations, but, respecting the sovereignty of the two nations. [end recording]

Roberto Robaina will remain in Panama three days, and it was explained that no official communique regarding his visit is expected.

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Galindo Views Trade, Border With Costa Rica

PA2807192395 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Jul 95

[Report by Marcos Castillo from the "RPC Television News" newscast]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo has said the definied borders confirm the brotherly tradition in bilateral relations and guarantees a better future in that zone.

[Begin Lewis recording] There are businessmen who work on the Costa Rican side one day and on the Panamanian side the next. This commission will resolve those problems. It will resolve the problem of the Indians, who in many cases have dual citizenship, working in both regions. The commission will handle, for example, crops located partly in both Costa Rica and Panama. [end recording]

On these agreements, Costa Rican Foreign Minister Fernando Naranjo has predicted an expansion in trade and political relations and has supported regional integration:

[Begin Naranjo recording] Here, we believe Costa Rica and Panama will totally integrate economically in a few years; therefore, the former system that has allowed a Costa Rican to purchase $25.00 worth of goods in David and a Panamanian to do likewise in Neily will disappear. In a few years, we will have a totally integrated zone with unlimited flow of goods and services between our two countries. We really must think more ambitiously and not in terms of a trade courtesy that makes no sense in today's world. That was a good 20 years ago but not today. [end recording]

The agreements signed today, which fill any void that could exist on the matter, were previously approved by the legislative branches of the two countries.

Official Examines Intellectual Property Rights

PA2807221495 Mexico City NOTIMEX in Spanish 2055 GMT 27 Jul 95

[Report by Vicente Barletta]

[FBIS Translated Excerpt] Panama City, 27 Jul (NOTIMEX) — It was reported today that Panama partially protects intellectual property rights because it only has one copyright law, but a new patent rights bill [propiedad industrial] will be presented to the Panamanian legislature next September.

Panamanian Copyright General Director Eduardo Benitez was interviewed by NOTIMEX and said: "The only legal instrument to protect intellectual property rights is the copyright law, but it provides only partial protection." The official explained that protection will be complete when the patent rights law, which replaces the current law that dates back to 1939, is approved.

In this respect, Nitzia de Villarreal, the Panamanian Commerce and Industries minister, announced that the patent rights bill to combat pirating trademarks and patents will be presented to Congress next September.

The copyright law went into effect on 1 January 1995. It protects video recordings, literary works, and computer programs, among others. It also establishes two-to-four-year jail sentences and up to $20,000 in fines for those who violate this law. [passage omitted]

Colon Free Zone [Zolicol], Ministry of Commerce and Industries, and Customs authorities met with a U.S. official this week to study preventive measures to detect the distribution of counterfeit labels from Zolicol to other countries.

A Zolicol businessman told NOTIMEX that most of the enterprises in that area purchase counterfeit products because they cost less.

Although there are no figures on the losses resulting from this illegal activity, the U.S. official cited as an example a Zolicol company that sold $3.2-billion worth of pirated computer programs.

The copyright director agreed that millions are lost due to copyright violations, totalling $2 trillion in Latin America alone every year.

He indicated that, according to statistics from the International Alliance for Intellectual Copyright, losses due to copyright piracy in Panama total $6.1 billion a year.

Government Refuses To Withdraw Labor Bill

PA2807235795 Panama City EL SIGLO in Spanish 27 Jul 95 pp 1, 81

["Headlines Column" by David Daniel Victoria]

[FBIS Translated Text] The government will not withdraw the draft bill on Labor Code reforms from the Legislative Assembly, despite the fact that 49 trade unions have rejected the document. It was also learned that the modifications eliminating national holidays represent 186 million balboas a year that private enterprise would save in salaries.

Representatives of the 49 unions that rejected the labor legislation reforms met yesterday with President Ernesto Perez Balladares, Presidency Minister Raul Arango, Labor Minister Mitchell Doens, Planning Minister Guillermo Chapman, and Housing Minister Francisco Sanchez Cardenas.

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After the meeting, Labor Minister Mitchell Doens reiterated the executive branch's decision not to withdraw the reform bill that is being debated in the Legislative Assembly's Labor Commission.

Genaro Lopez, secretary general of SUNTRACS [Single National Union of Construction and Related Workers], said that in the event the Labor Code reforms are approved in the second debate, the 49 organizations that oppose these modifications will go on strike.

Lopez denounced the fact that the reforms "legalize the arbitrariness" against workers and that state funds are being used around the country to sell the reform bill.

The union leaders meeting in the Palace of the Herons requested that the president withdraw the reform bill from the Legislative Assembly to prevent conflicts.

Jose Morris Quintero, secretary general for SITRACHILCO [Union of Chiriqui Land Company Workers], said that Labor Code Reforms Bill No. 86 attempts to undermine the Panamanian people and told the president that "we do not want martyrs or people sent to jail during your administration for attempting to defend our rights."

Gabriel Castillo of the Authentic Confederation of Independent Workers (CATI) warned that in the event the government's proposed reforms are approved "it will be an attack on the lives of Panamanian trade unions" and the country will be in "chaos."

Castillo said in his speech that the proposal is the result of an agreement among the parties, and the unions were not given an opportunity to choose their representatives.

"With the approval of the reforms, we are going to lose 30,000 jobs of 500 balboas in exchange for 20,000 new jobs of 200 balboas each," Castillo said.

During the meeting, the president said it is necessary to hold other meetings with the labor leadership opposed to the reforms. It was said that the doors of the presidential Palace of the Herons would always be open to the labor leaders.

President Perez Balladares told labor leaders yesterday they have the right to protest if they are against the reform bill, but asked them, if they decide to protest, to do it peacefully and in a way that will not affect free transit.

"We know we will have to pay a political price" for the changes we are making, "but we also know we have the obligation of doing whatever we can" to resolve the unemployment problem, he said.

He added: "We have no intention of moving against the minimum wage of workers." He also said: "We must review this because the minimum wage in Panama is not fair." The president cautioned that labor organizations "are distrustful" about the reforms and feel there is something "being hidden." "But nothing is being hidden, and we are prepared to make changes to whatever does not work well," the president said.

Perez Balladares said he does not agree with the position of labor unions that are warning that the reforms will "harm" the workers and that they are not the product of an agreement. He said his government has tried to make changes in the national economic sectors that could represent an obstacle to public and private investments and a generation of workers.

Perez Balladares said the idea of change is to secure more technology and better investments and services. The president said efforts have been made to produce an improved labor-business relationship, with less points of conflict and with "respect for the workers' achievements."

There are 136,000 unemployed people, plus 200,000 under-employed citizens who have short-term employment. These figures represent one third of the population. Meanwhile, 30,000 students graduate every year from the country's schools, and only 7,000 of them can join the labor force, Perez Balladares explained.

Statistics prepared by SUNTRACS economists show that by removing 10 November from the holiday list, the workers lose the extra pay they earn when they work that day, as well as the vacation and the amount from the 13-month check. Statistics show that the government, by eliminating national holidays when they fall on Sunday — which until now had been moved to Monday with the workers receiving holiday pay for Monday — the workers again lose a considerable amount of money.

This represents 186 million balboas that would annually pass from the workers to private enterprise.

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Argentina

Camilion Terms Williamsburg Summit 'Extremely Positive'

PY2907011795 Buenos Aires TELAM in Spanish 1942 GMT 28 Jul 95

[FBIS Translated Text] Buenos Aires, 28 July (TELAM) — During his meeting with UN Secretary General Butrus Butrus-Ghali today, Defense Minister Oscar Camilion reiterated Argentina's commitment to continuing participating in UN peacekeeping missions.

In the course of a telephone conversation with TELAM news agency, Camilion commented that today he met with the UN secretary general, who expressed his "satisfaction" at the "important" role the Argentine "Blue Helmets" are playing in Croatia.

On that occasion, Butrus-Ghali underscored the importance of "the continuous participation" of Latin American countries in the various UN peacekeeping missions throughout the world.

To that effect, the defense minister reaffirmed the Argentine Government's "decided pledge" to "continuing supporting" UN actions in the former Yugoslavia and in other territories where peoples' peace and security may be threatened.

Camilion confirmed that the number of Argentine servicemen who will soon travel to Croatia "will be reduced" due to the request filed with the UN Security Council by [Croatian] President Franjo Tudjman.

He pointed out that the BEA-VIII (Argentine Army Battalion) that will travel to Croatia will be comprised "of some 478 servicemen."

Changing the subject, the defense minister assessed the Defense Ministerial Meeting of the Americas that closed on 26 July in Williamsburg, the state of Virginia, as "extremely positive."

He commented that the recent meeting of defense ministers constituted "major institutional progress" for the countries of the region.

He underlined the "six basic principles" agreed upon at the meeting which will be used as a standard of relations between the democratic countries of the Americas.

Camilion recalled that these six principles aimed at "reasserting the commitment to consolidating democracies based on hemispheric security and to stressing the central role of the Armed Forces in supporting democracy and their subordination to civilian power."

According to the minister, the countries of the region will also promote "further openness in defense cooperation; establish objectives for a negotiated settlement of controversies on the basis of mutual trust; and encourage greater cooperation, especially in the struggle against narcoterrorism, and participation in multilateral peace operations."

Extradited Lebanese Admit Hezbollah Link, Deny Bombings

PY2707192295 Buenos Aires BUENOS AIRES HERALD in English 26 Jul 95 p 2

[FBIS Transcribed Text] (DYN-NA) — Some of the seven Lebanese who were extradicted from Paraguay this week admitted to being members of the fundamentalist Islamic group, Hezbollah, but denied any link to the deadly bomb attacks on the Israeli Embassy three years ago and the AMIA [Argentine-Israeli Mutual Association] Jewish community centre last year and a large cache of weapons found on an island in the Tigre delta.

Under questioning by Federal Judge Roberto Marquevich, the Lebanese, several of whom have dual citizenships, confirmed they belonged to the Hezbollah, which trains terrorists in southern Lebanon, court sources told a news agency.

The sources speculated that a foreign nation might seek their extradiction on international terrorist charges.

But the suspects connection to crimes in Argentina, including the bombings, continues to be refuted. "Everything is suspicion, and for me they are political suspicions that have nothing to do with truth or justice," said Lebanese Ambassador to Argentina Riad Kantar [spelling of name as published]. "We are waiting for the word of justice."

Marquevich, who made the extradiction petition to Paraguay, was expected to continue questioning the men through tomorrow and make a decision on their further detention within days.

Political Infighting 'Major' Cause of Economic Woes

PY2707204095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1754 GMT 26 Jul 95

[Special report for NOTICIAS ARGENTINAS by Daniel Naszewski]

[FBIS Translated Text] Buenos Aires, 26 Jul (NA) — Data on the manufacturing industry released by FIEL — Latin-American Economic Research Foundation — show that in June industrial production shrunk by 4.2 percent as opposed to the previous month, and by 5.2 percent compared with the corresponding month in 1994. They also revealed that after 19 consecutive

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quarters of economic growth the second quarter of 1994 [year as received] was the worst of the last five years.

Despite the fact that the public and markets already knew th[illegible], these figures lead to an additional question: What will be the trend in the forthcoming months? The answer to this question is crucial, because it would indicate whether this decline in industrial production is transitory, pegged to the Mexican crisis, or the sign of a real recession that could be affecting the country.

One should bear in mind that according to FIEL, production from April to May grew by 6.7 percent or, if seasonally adjusted, by 1.8 percent, which gave analysts the impression that the severe crisis was in the process of being weathered. The data for June seriously questioned this perception.

If this information is added to the unemployment figures disclosed last week — the already infamous 18.6 per cent, which means that out of a total working population of 12 million there are 2.2 million jobless — the result is a disquieting economic situation. Nothing remains except for us to hope that besides the current boom in exports, which somehow mitigates this situation, the capital and loans that took flight in the aftermath of the Mexican crisis will return as soon as possible, so that economic activity will once again recover the buoyancy it had over the last four years.

There is, however, a major factor seriously hampering the massive repatriation of capital flight, resumption of deposits and loans, and decisions by economic agents to engage in activities (such as buying, selling, contracting debts, producing, launching new products, and hiring personnel): the savage infighting that is going on within the ruling party. Although the reason for discord may vary, this climate of constant bickering can be summed up in a single phrase, which is turning into an apparent option — deepening the present economic model as opposed to modeling the economy after Peronist ideas.

This option is apparent only because President Carlos Menem has since 14 May been indicating that such an alternative had never even crossed his mind, and that he personally endorses Economy Minister Domingo Cavallo's economic policy (which is indeed Menem's policy). However, given the unfavorable data of the last few months, pressures against the model have become more fierce, and the president's confirmation of this model have time and again been quickly effaced by some new economic information troubling the markets.

Given this state of affairs, everything has become a risky vicious circle. The decline in production, unemployment figures, or the sale of the Dorrego Bank spark off fierce disputes between the executive and legislative branches. This, in turn, freezes economic agents' decisions until after these differences are settled. Meanwhile, the economy continues to be in bad shape, something which is no longer due to the Mexican crisis. This, in turn, provides opponents to the Menem-Cavallo model with new arguments in the sense that "we are in poor shape and are doing badly." Things thus become still more complicated.

Several things are nonetheless certain. First and foremost, deposits and loans are gradually returning to the banking system, even though there are not as many borrowers as one would expect, because the public is proceeding with extreme caution. Proposals by the CGT [General Confederation of Labor] and the UIA [Argentine Industrial Union] to combat unemployment, far from calming people down, caused greater uneasiness. Second, Menem and Cavallo will maintain their model, and will not make economic policy conform to the teachings of Peron in fighting unemployment (there is not enough of a fiscal surplus to apply the principles of a welfare state).

What is still a mystery is how the open disagreement between Cavallo and Peronist lawmakers — not to talk about the Radical Civic Union bloc — will be overcome, as it has reached such dimensions that it is a cause for serious concern at home and abroad. The question is whether congressmen want Cavallo to resign and embark upon a Peronist-oriented economic policy, or whether they are well aware that this is impossible, but are involved in a power struggle, in a climate of obvious social discontent in a year that has so far been very difficult. Nobody knows how far they intend to take this, or when the head of state will say he has had enough.

Correction to Launching of Domestic Satellite

PY2707185895

The following correction pertains to the item headlined "Satellite To Be Launched Late 1996," published in the 26 July edition of the Latin America DAILY REPORT, page 21:

Column two, paragraph seven, only sentence make read: ...weight of 1,800 kg. [new paragraph] The Nahuel Sat enterprise will be in charge of the commercial operation of the satellite, and will sell the... (rewording for clarity)

Correction to Measures Against Unemployment

PY2707160195

The following correction pertains to the item headlined "Union Report Recommends Measures Against Unemployment," published in the 27 July Latin American DAILY REPORT, page 24:

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Column one, first paragraph, only sentence should read: ...year and the payment of subsidies for... (changing "appropriation" to "payment")

Column two, paragraph nine, only sentence should read: ...also recommends to allocate part of the 3 billion pesos to subsidies... (rewording)

Column two, paragraph 12, only sentence should read: ...a program to retool small and medium-sized... (changing "transform" to "retool")

Bolivia

Gen Caceres Outlines New Strategy for Armed Forces

PY2907035795 Santa Cruz EL MUNDO in Spanish 16 Jul 95 p A28

[FBIS Translated Text] La Paz, 15 Jul (ANF) — It has been officially confirmed that the Armed Forces commander in chief has announced the implementation of a new strategy to strengthen the Armed Forces entirely within the framework of constitutional reforms and budget limitations they have been enduring.

The commander in chief, General Reynaldo Caceres Quiroga, explained that the new military strategy implies the improvement and renewal of the plans and programs of the different military aspects.

High-ranking officers have explained that part of the new strategy implies the mobilization of troops toward the border regions in order to strengthen the exercise of Bolivian sovereignty and to defend territorial integrity.

He explained that "the plans also include improvement of the living conditions of the professional military officer." They added that the transfer of the 9th Army Division to Pando and the creation of the Joint Military Fort in Cobija are part of the Armed Forces new strategy.

"Recovering Cossmil [Corporation for Military Social Security]" is one of the plans outlined by the commander in chief. For that, Gen. Caceres said that the Cossmil "has the obligation to submit an overall program for the next 20 years."

Part of the strategy involves success in stopping the continuous budget cuts detrimental to the Armed Forces. In 1994 the budget was 9.5 percent higher than in previous administrations, Gen. Caceres explained.

"Seeking international credits to finance internal development and production objectives in different areas is part of the current plan," Gen. Caceres said, upon announcing that they have received "very advantageous" offers.

The new strategy takes into account the need to get the military institution involved in the changes and problems Bolivian society is experiencing, he said.

He added that on making a proposal for military behavior within the framework of national reforms, we must also "impose a new military mentality in compliance with the new Bolivian reality."

"The Bolivian people often still believe that the military institution is an impenetrable ghetto in which the procedures of change are ignored," the general said.

To offset those trends against the Armed Forces, he said, "we in the military have taken advance steps ahead of the new challenges such as educational reform, the people's participation, and capitalization."

He said: The military institution has progressed a great deal in implementing the educational reform, to the extent that military studies have acquired higher university levels.

Part of the new vision is "opening the doors of the institution" to civilian society. Thus, agreements have been reached with public institutions, universities, and scientific organizations, he said.

"With these agreements, we have sought changes in military education," Gen. Caceres said. He added that agreements have been signed with civilian institutions on health, ecological, cultural, and scientific-technological matters.

Brazil

Foreign Minister on U.S. 'Pressure' To Open Economy

PY2907035895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Jul 95 Section 1 p 10

[Article by Clovis Rossi]

[FBIS Translated Text] The Brazilian Government is not willing to accept U.S. pressure to accelerate the opening of its economy.

That is the evaluation made by Brazilian diplomacy regarding the state of negotiations for the creation, as of 2005, of the so-called Free Trade Area of the Americas (FTAA).

The idea of the FTAA was launched during the Americas Summit that took place last December in the United States, and involves the 34 countries of the American continent, excepting Cuba. Since then, however, the U.S. Government has been attempting to impose a rhythm and pace rejected by Itamaraty.

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"We agree that the integration of the Americas should take place in the next 10 years, but we think that during the negotiation period, we cannot move at a pace that will lead to the premature opening of our economy," said Foreign Minister Luiz Felipe Lampreia to FOLHA yesterday.

Free trade agreements, like the case of the FTAA, inevitably imply that each participating country open its economy to the rest of the partners.

The Brazilian Government knows about this and it even agrees with it. However, Brazil wants a slower pace for the economic opening because it considers that things have already been done very fast. Therefore, it feels it cannot take additional steps, at least during the 10-year negotiating period preceding the launching of the FTAA.

There is another serious point of disagreement among the governments: The United States insists on what in diplomatic jargon is known as "GATT plus."

Translation: The Uruguayan Round of the GATT Talks established rules not only for the trade of goods, but also for services and intellectual property rights.

This is why the Brazilian Government is willing to maintain already assumed commitments in order not to go beyond the GATT (the "GATT plus" desired by the United States includes two fields like the financial sector and a patent law).

What is more, the United States, like the rest of the developed countries, insists on the so-called social clause, that is, insists on conditioning trade agreements to a stricter labor law in the developing countries.

"We are not willing to go beyond the Uruguay Round regarding labor services and intellectual property clauses," said Lampreia.

According to the foreign minister, the differences have been explained frankly and publicly, and he believes that the Americans are "fully taking into consideration" the Brazilian point of view.

Bomb Goes Off at Sao Paulo Labor Union

PY2907033695 Sao Paulo AGENCIA ESTADO in Portuguese 0007 GMT 28 Jul 95

[FBIS Translated Text] Sao Paulo, 28 Jul (AE) — Two secretaries were injured at about 1800 today when a bomb went off at the headquarters of the Cargo Truck Drivers' Union, located at 63 Jose Lobo Street, Jardim do Mar District, Sao Bernardo do Campo, Sao Paulo State. According to an initial report, a gift for the union's vice president, who is traveling, was received at the headquarters. One of the secretaries called the vice president's wife and was authorized to open the package, which went off when she opened it. The two secretaries received burns on their chests and faces, and a third went into a state of shock. They were taken to the Principe Humberto Hospital.

Brazilian Suspects in Argentine Bombing Released

PY2907012195 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 28 Jul 95

[By Niomar de Oliveira in Rio de Janeiro]

[FBIS Translated Text] Federal Police in Rio de Janeiro queried five Brazilians who were released in Argentina. The five Brazilians, who had been arrested in Paraguay at the request of the Argentine Government on charges of being involved in the bomb attack against the Israeli Embassy in Argentina in 1992, in which 95 people were killed, were queried today at the Federal Police Superintendency and released immediately afterward.

Valdirene Vieira Ferguglia, Johnny Moraes Baalbaky, Sergio Salem, Roberto Ribeiro Ruiz, and Luiz Alberto Nader were released yesterday after the Brazilian Foreign Ministry's intervention. They immediately took Varig Flight 913 to Brazil. Although they had been arrested in Paraguay, they were released through diplomatic contacts made by the Brazilian Embassy and the Argentine courts. The Brazilians had been taken to Argentina on 23 July.

The Rio de Janeiro Federal Police justified the Brazilians' release on the grounds that no charges were pressed against them in Brazilian territory.

Government Analyzing Tax Reform Proposal

PY2807193995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jul 95 p A4

[Article by Ribamar Oliveira]

[FBIS Translated Excerpt] Brasilia — The tax reform proposal submitted by the economic team to President Fernando Henrique Cardoso on 24 July provides for merging the Goods and Services Movement Tax (ICMS) and the Industrial Products Tax (IPI) into a new tax on consumption. The new tax, for which no name has yet been selected, will be paid on all purchases and sales of merchandises and on transport and communication services.

"The tax will apply to consumption and will be calculated on the basis of IVA [Value Added Tax, VAT]," says Federal Revenue Secretary Everardo Maciel. He thus alluded to VAT, which provides for a compensation system for each phase of the operation. At a later stage, the new tax will also absorb the Service Tax

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(ISS), which is currently collected by municipal governments.

During a meeting early on the evening of 24 July between President Cardoso, Everardo Maciel, Finance Minister Pedro Malan, Planning Minister Jose Serra, Justice Minister Nelson Jobim, and Civil Household Chief Clovis Carvalho, the president was due to decide who would be charged with collecting the new tax. He also had to decide on the distribution of revenues between the Union, the states, and counties.

The economic team expected the president to say if he accepted a proposal for federalization of the rules applying to the new tax. In practice, this means to unify the tax and fiscal incentives granted by states. Everardo Maciel believes the tax reform should include a provision forbidding the granting of fiscal incentives for attracting investment by states.

Maciel said the states should use other instruments for that purpose. "The ban on incentives will neutralize the new tax, because it will no longer be an economic policy instrument," he explained. He said the states can have mechanisms to compensate for regional inequalities, while incentives for investments should be outlined in the budget of each state.

The proposal submitted to the president on 24 July included a constitutional amendment and several bills for supplemental and ordinary laws. The initial plan was to submit an entire tax package, so that while debating and voting on it, Congress would have a complete vision of the new tax system. There was also a possibility for gradual implementation of the system over the next four years. Presidential Spokesman Sergio Amaral reported that the proposal will be submitted to Congress at the beginning of August. [passage omitted]

Editorial Views Problems With Tax Reform

PY2807124195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jul 95 p A3

[Editorial from the "Notes and Information" page: "The Fiscal Reform"]

[FBIS Translated Text] The government is raising more issues for clarification than it is solving the essential points of the tax reform proposal that will be sent to Congress within a week. It is known that the tax reform, which is being studied by the presidential advisory team, cannot be perfect given the resistance that a sensible fiscal reform would encounter in Congress among governors and mayors who are used, thanks to the 1988 Constitution, to absorb the revenues that they should pay for federal government expenses. The contributors — who form the electoral base of governors, mayors, and congressmen — know that if this situation continues the country will become ungovernable. However, the electoral base has been unable to transmit to their representatives the urgent need to balance tax collection, allocations, and obligations within the federal system. Governors and mayors seem to prefer to watch the fiscal system implemented in 1988 wear out, leaving contributors to pay off the debts created by larger fiscal obligations, with worse social services and the deterioration of the standard of living, rather than give up part of the revenues that their "political work" guarantees them.

This seems to be an unavoidable reality. The government, which does not hold an organic majority in Congress, believes the temporary majority it managed to gather along the economic reform process will not withstand the pressures exerted by the state and municipal bases if it sends to Congress a far-reaching fiscal reform project, restructuring to compatible levels the revenues and obligations of the federal government, states, and municipalities. The government will therefore send to Congress a reform it considers feasible and sufficiently adequate to improve the fiscal apparatus. As President Fernando Henrique Cardoso said: "We will implement the reforms anyway." Thus, he will probably send to Congress a ceiling-proposal toward which Congress will have to work, rather than a floor-proposal that Congress would use as a starting base.

From what it has been learned, the tax reform will consist of a fusion of the Goods and Services Movement Tax [ICMS] and the Industrial Products Tax [IPI]. It will become a Value Added Tax to which government strategists consider it better not to add the Tax on Services — which only 10 percent of Brazilian municipalities manage to collect. The political friction that this addition would generate could not be compensated by the additional revenues collected. Two federal taxes that have different allocations will thus be bonded together. This brings up a question — not answered by the government — about who will collect it and how it will be distributed.

Good sense indicates that the collection of the new tax should be handled by the states. Thanks to the ICMS system, only the states have a collect and control structure capable of collecting a tax that will affect such a broad base of contributors — that is, all those who produce and who consume. Thus the technical demand of instituting a universal tax will be met while, at the same time, the useless debate raised by seven governors about the "federalization" of the tax will be buried. Since the IPI will be applicable to a wider range of operations, the least that can be expected is a lower rate than the current one.

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The government will also propose the elimination of fiscal incentives for companies that pay income tax, only allowing incentives that benefit small and micro companies and the workers; like transportation and meal vouchers. The objective is to increase tax collection from companies and to account for the incentives as Treasury outflows. This measure, which would further rationalize government accounts, should be accompanied by a reduction of tax rates that now reach 43 percent.

As can be observed, this stage of the tax reform envisages the simplification of the complex tax legislation and regulation to make tax declaration, payment, collection, and control easier and more transparent. From the technical point of view, the changes so far explained here do not offer any great difficulties even though the method chosen by the government to leak the information has raised more questions than provided answers. The obstacles facing the approval of the government tax reform proposal in Congress will basically be political, coming from governors and mayors who wish to maintain their revenues intact. The fusion of the ICMS and the IPI, and the modification of the Income Tax, is causing more rumors than effective changes. This is why President Fernando Henrique Cardoso should start to coordinate the second stage of the fiscal reform which will allow the redistribution of revenues and obligations — without which governing Brazil will not amount to more than paying personnel and transferring resources to states and municipalities.

Chile

Editorial Views U.S. 'Protectionism,' NAFTA Entry

PY2907024395 Santiago EL MERCURIO in Spanish 25 Jul 95 p A3

[Editorial: "U.S. Protectionism"]

[FBIS Translated Text] A survey recently conducted by ECLA [Economic Commission for Latin America] reviews the barriers that the United States imposes on its imports. These barriers not only involve an average 6.7-percent tariff, but increased tariffs; compensatory duties; antidumping [preceding word in English] duties; and a complicated system of bureaucratic state, federal, and local paperwork. Non-tariff barriers linked to the protection of consumers, the environment, marketing, and plant health must also be added.

There could be grounds for some of these regulations, but most of them are the result of pressures exerted by groups of producers who are interested in protecting their activities from foreign competition. These groups influence congressmen who promote special laws in the name of national interests or the interests of workers or a productive sector. It actually involves protectionst practices that mainly affect the people of the United States, who must pay higher prices for goods and services of inferior quality.

If this happens in the world's most liberal country, which is being viewed as the champion of free trade, it can be easily imagined what happens with the rest of the nations.

Chile does not represent an exception, and significant barriers, such as an 11-percent tariff and other special duties and laws in the motor vehicle, agricultural, livestock, and textile areas, among other fields, are being maintained. In addition, the government has been more than willing to yield to the pressures of farmers.

U.S. protectionism, as is the case with Chilean protectionism, affects the standard of living of people, especially the poorest people. It also delays technical progress and modernization. The real rate of exchange deteriorates, damaging the development of exports, the economic growth rate as a whole, and the creation of new jobs.

The advantages that Chile could receive by joining NAFTA depend on the removal or reduction of trade barriers. If these trade barriers remain, the advancement would be nearly negligible and economist Dornbush would be proved right. He recently emphasized that the significance of NAFTA for Chile is minor and that, perhaps, it would be more advantageous to establish free trade with the Mercosur [Common Market of the South]. Dornbush actually ignores the fact that the Latin American countries are even more protectionist than the United States or Canada and that their attitude toward a full opening is dubious. The Mercosur is extremely protectionist, which makes our participation in it difficult.

The Chilean Government must be prepared to achieve an effective reduction of U.S. protectionism, which involves an attitude that is more consistent with free trade. The recent foreign exchange rate and legal reserve barriers, along with other barriers recommended by the PPD [Party for Democracy], are worrisome. It is difficult to request free trade by insinuating an attitude that is at odds with it. For many reasons, it is advantageous for Chile to unilaterally reduce its protectionism. One of these reasons involves having the moral authority to request that other countries do the same.

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Civilian-Military Relations Returning to 'Normal Levels'

PY2807163295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 28 Jul 95

[FBIS Translated Excerpt] Civic military relations have started to return to normal levels. The Army produced the first gestures and there are several proposals to solve pending human rights violation cases.

The most tense moments of our civic-military relations occurred on 24 July when General Augusto Pinochet, according to several sources, asked Defense Minister [Augusto Perez Yoma] to pardon General Manuel Contreras and to implement a expiration law for human rights violation cases. As expected, the government rejected the first proposal. Officials consider Contreras serving his sentence in a prison as a pre-requisite to the start of any discussions. [passage omitted]

If certain conditions are met, the government coalition parties would be willing to seek paths of understanding to overcome the human rights situation. There are no firm proposals yet, but one proposal suggests a reinterpretation of the definition of kidnapping. There are some 800 cases of prisoners who have disappeared. These cannot be closed because the bodies never appeared. The court considers they were kidnapped. It is necessary then to pass a bill to establish their presumed deaths. The second alternative proposes an administrative authority sending a document to the court giving names, dates, and destinations of the bodies. In this case relatives would have a certain period to file criminal charges. If the judge determines the crime occurred before 1978 he could apply the Amnesty Law and close the case definitively.

[Begin Christian Democratic Party President Alejandro Foxley recording] We do not believe the problem can be solved by pretending it never happened. We must take steps to learn the truth, recognizing the need not to postpone trials indefinitely or we could risk involving the Army as an institution. [end recording] [passage omitted]

Right-wing parties propose applying the Amnesty Law, more rapidly concluding pending cases, and determining the whereabouts of missing prisoners. The military share this proposal.

[Begin recording] [Retired General Alejandro Medina Lois] We could say that all of us who wore the uniform then, and those who wear it today deeply resent this situation.

[Unidentified reporter] Do you approve of the demonstration in Punta Peuco?

[Medina] All citizens have the right to do as they please.

[Reporter] Do you think we will see more demonstrations like the one in Punta Peuco?

[Medina] I think there will be more demonstrations unless the situation is not solved. [end recording]

The defense minister and General Augusto Pinochet had a very important meetings yesterday behind closed doors. We later learned that an initial agreement was reached to calm the situation.

The first show of this new attitude was seen during Gen. Pinochet's speech to 1,400 officers and noncommissioned officers yesterday. Pinochet asked them for calm. President Eduardo Frei also called for calm before departing for Peru.

[Begin recording] [Unidentified reporter] Is the house in order Mr. President?

[Frei] No comment. The house is always in order. [end recording]

It is obvious that civic-military relations are starting to cool down.

Civilian-Military Ties 'Delicate' But 'Under Control'

PY2907024095 Madrid EFE in Spanish 1932 GMT 28 Jul 95

[FBIS Translated Text] Santiago, 28 Jul (EFE) — Referring to the recent tense situation between the government and the Army because of unresolved human rights problems, Chilean Defense Minister Edmundo Perez Yoma said today that the civilian-military situation in Chile "is objectively delicate but under control."

The situation "has been channeled to reasonable, normal, and legal levels, and is absolutely under control," Perez Yoma told reporters who asked him about the state of relations between the government and the military, in the wake of events over the past few days that gave rise to the emergence of tension.

The judicial ruling that sentenced two high-ranking officers for the murder of Orlando Letelier, the demonstration of officers, and the growing demands from military sectors and from the political right for a "new amnesty" law on the human rights issue have, over the past few days, put the strength of Chilean democracy to the test.

Perez Yoma also confirmed that he has an Army report on the demonstration that some 300 officers and their relatives staged on Saturday, 22 July, at the special "Penta Peuco" prison, where Brigadier Pedro Espinoza is being held for the murder of Orlando Letelier.

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The report on the matter "is secret" and will be released in "due time," the minister added. He admitted, however, that the Army top command has not imposed any punishment for that act.

"No, the report we have so far says that no punishment has been imposed because reportedly no disciplinary rule or law has been violated," Perez Yoma said. He added, however, that he is not sure whether such an episode might have an impact on the annual promotion plan of Army officers.

Concerning the meeting General Augusto Pinochet held on Thursday, 27 July, with 1,400 officers and noncommissioned officers, the defense minister said he has no official report yet from the Army commander, but ruled out the possibility that the episode had been the cause of some additional annoyance for the government.

"There is no concern over a meeting like that, but we are annoyed by other meetings such as that at Punta Peuco, and we hope they will not be repeated," the minister said.

Perez Yoma today met with Gen. Pinochet and the chiefs of the other branches of the Chilean Armed Forces. He considered this to be a routine meeting within the framework of the normal plan of consultations with the military chiefs.

According to a communique released after the meeting by Air Force General Raul Tapia, chief of the Defense Staff, "the meeting was held to discuss the development of the Armed Forces' joint projects which are being carried out, such as the future tridimensional projects."

Jose Joaquin Brunner, minister secretary general of government (spokesman), has confirmed that President Eduardo Frei will meet on 1 August with General Augusto Pinochet at La Moneda Palace.

Brunner said that the meeting will be held at the request of Gen. Pinochet, but refused to reveal the subject to be discussed at that meeting.

Senator Rios Rejects Chile's Entry Into NAFTA

PY2807184595 Santiago EL MERCURIO in Spanish 18 Jul 95 p C4

[FBIS Translated Text] Valparaiso — Senator Mario Rios Santander (RN) [National Renewal] has said he rejects Chile's entry into NAFTA. He said: "Chile has never fared well in any international business that is managed by the United States." The Chilean congressman said NAFTA does not hold favorable omens for Chile, especially in agriculture, as NAFTA members (Mexico, Canada, and the United States) do not have any economic interest in Chilean agriculture.

Those supporting Chile's entry into NAFTA are based on inconsistent remarks, Rios said. He noted that there is nothing firm, "but the well-known history of past treaties that have always been negative for Chile."

Mexican Crisis Said Not To Affect NAFTA Entry

PY2807151195 Santiago EL MERCURIO in Spanish 18 Jul 95 pp B1, B7

[FBIS Translated Excerpt] Mexican Finance Minister Guillermo Ortiz pointed out on 17 July that the crisis facing his country will not affect Chile's goal of joining NAFTA.

The Mexican finance minister pointed out: "My government is very interested in quickly progressing in our negotiations with Chile so that the problems that we have recently encountered will not become a stumbling block."

The Mexican finance minister, who is visiting our country, also announced that this year Mexico would report a negative GDP of between 2 and 4 percent.

Ortiz said: "My country is experiencing a serious recession, as a result of a financial crisis over the past few months. So there are less funds available compared with past years."

Guillermo Ortiz also noted that it is believed in Mexico that inflation this year will range between 42 and 45 percent.

Concerning the pace of Chile's negotiations with NAFTA, Guillermo Ortiz is optimistic on this issue. He pointed out: "In the case of Mexico, these negotiations were concurrent with the U.S. elections, thus delaying the integration process."

Even though Ortiz noted that the pace of the negotiations depends on the U.S. Congress, he emphasized: "Be assured of Mexico's support for all this to happen as quickly as possible."

In spite of the negative projections of the Mexican economy, Guillermo Ortiz pointed out that trade with Chile and mutual investments have not been affected. He noted: "Quite the contrary. During the first five months, trade and the mutual flow of capital increased substantially compared with those of last year. The Bilateral Free Trade Agreement has fulfilled all hopes."

The Mexican finance minister noted that the devaluation of the Mexican economy in late 1994 also had positive effects, making Mexico's exports more competitive.

Discussing the attitude of some U.S. sectors that want to renegotiate NAFTA, Ortiz said: "This is an unending battle as there will always be groups interested in

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challenging free trade. This is normal and should not be a reason for major concern. We will have an enriched free trade framework, with the participation of Chile." [passage omitted]

Rally in Punta Peuco Supports Army

PY2807184995 Santiago LA EPOCA in Spanish 26 Jul 95 p 15

[Article by Sonia Lira in Santiago]

[FBIS Translated Text] The massive visit to the Punta Peuco penitentiary on 22 July will not be the last. Circles close to the Army leaked yesterday that a series of actions of this type would be carried out to express solidarity with Brigadier Pedro Espinoza, retired, the only prisoner held at a special jail as a result of the Letelier case.

Rodrigo Eitel, a leader from "Pro-Chile Action" ["Accion por Chile"], an organization that sympathizes with the [former] military regime, confirmed yesterday that the next activity has been scheduled for 29 July, organized by "Pro-Chile Action" supporters.

Eitel, a National Renewal (RN) member, reported that "independent Pinochetists" and retired officers would also participate in this action. The sponsors of these actions that seek to double the number of people who participated on 22 July (about 1,500 people). They have even arranged transportation to Punta Peuco to guarantee full success.

Other sources said the goal of this new visit is to support the Army personnel on active duty who participated in the last controversial gathering that prompted the government to ask General Augusto Pinochet to conduct an internal investigation and punish those responsible for actions that have been described by civilian authorities as improper.

Eitel added: "In addition to this goal, we again want to express our support for Brig. Espinoza so that he can feel that the Army has not lost such tenets as loyalty and spirit."

It was also leaked that, in addition to this action, the self-styled Circles of Army Friends [Circulos de Amigos del Ejercito] are preparing a similar action for 5 August at a recreation center in Colina. The Circles of Army Friends hope to invite Gen. Pinochet.

These organizations, which sympathize with the military institutions, usually gather near our country's military garrisons where regiments are headquartered. A source close to the Army yesterday pointed out that community sectors are reportedly promoting the formation of these circles of [Army] friends in those areas where they do not exist.

Sources close to the Army explained that the controversial action of 22 July was prompted by "an impromptu expression" of mid-ranking Army officers (from captains to commanders). The contacts were allegedly made by phone and, from a military perspective, there was no collusion. Therefore, even the Army commander in chief was allegedly surprised over the rally.

Government sources reported that Gen. Pinochet allegedly used a significant portion of his 45-minute meeting with Defense Minister Edmundo Perez Yoma to explain this action, which resulted in the first "summons" by the current government to the Army commander in chief.

Under Armed Forces disciplinary rules and regulations, the reasons for possibly punishing the Army members who visited retired Brigadier Espinoza on 22 July are established in Article 76, as follows.

:for becoming involved in politics or in political rallies or gatherings (according to sources linked to the Army, there were no political motives and no political speeches were delivered during the controversial action);

:for promoting or participating in social acts that do not conform to the seriousness that should mark acts involving Armed Forces members (according to the military perspective, it was not an improper action because the military personnel who visited Tiltil were on leave, using their free time, and within visiting hours).

Air Force To Operate Over Patagonian Ice Fields

PY2807191795 Santiago EL MERCURIO in Spanish 28 Jul 95 p C8

[Report by Edgardo Rivera Mercado]

[FBIS Translated Excerpt] Punta Arenas — General Ramon Vega Hidalgo, Air Force commander in chief, has reported that the Chilean Air Force will begin flights over the South Patagonian Ice Fields next September or October. Gen. Vega is visiting the city to bid farewell to the Fourth Brigade in view of his upcoming retirement.

Gen. Vega arrived to Punta Arenas on 11 July and yesterday flew to Puerto Montt. Vega said the new program is an old institutional aspiration that will pursue basically two objectives: First, to recognize of a vast and practically unexplored zone of our territory; and second, to train Air Force pilots in a territory that is very similar to Antarctica. The Fourth Air Brigade based in Punta Arenas will be in charge of the program.

Vega said that in November and December Chile will start operating in Patriot Hills, 3,000 km south of Punta

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Arenas, and in the interior of Antarctica, some 1,100 km from the South Pole. [passage omitted]

Ecuador

Vice President Interviewed on Corruption Charges

PA3107015895 Quito Voz de los Andes in Spanish 0230 GMT 28 Jul 95

[Interview with Ecuadoran Vice President Alberto Dahik by a panel of five unidentified reporters in Quito — live]

[FBIS Translated Text] [Maria Judith] Mr. Vice President, the country is demanding to know the names of the deputies and judges [words indistinct] the government.

[Dahik] I want to thank the Association of Television Stations for granting me this opportunity to speak before the country and the people of Ecuador about the issue of corruption. You asked me a question regarding the fact that the country is demanding to know the names of the deputies, ministers, and judges who have blackmailed the national government. The answer is specific and simple. The relationship that Congress and the executive branch has maintained under Ecuadoran democracy for the past 15 years has led to a permanent and growing type of blackmail by groups, people, and parties within the National Congress. This is not a new phenomenon.

Let me cite VISTAZO magazine, which in a recent article stated the following: The Chronicle. Rodrigo Paz, who was the finance minister during the government of President Jaime Roldos, explained in an interview published in 1992 how the government at that time had to yield to the demands made by deputies. I was fed up with certain deputies who were asking for too many favors, posts in customs offices, and similar positions. I called the president and told him I was no longer going to welcome these two people. He told me: Look, politics is the art of negotiating, and sometimes to get the most we have to yield the least. These two men are key for us to be able to pass certain laws, and sometimes we must yield.

Following this incident, during the government of Dr. Hurtado, a man whose honesty and sense of loyalty no one can doubt, customs offices were handed to Gary Esparza and a group of legislators. Later, the country knows how they constituted a majority during the government of Leon Febres Cordero, and now we have a similar problem.

[Maria Judith] In this government?

[Dahik] There basically have been three political groups in this government: the MPD [Democratic People's Movement], the PRE [Ecuadoran Roldosist Party], and the Social Christian Party [PSC]. They have constantly used political negotiations to obtain favors from the national government. The serious problem is that we have reached an intolerable limit.

Maria Judith, this is the reason why I, as Mr. Vivanco, the great detractor, himself has said, I have not been the denunciator. The vice president of the Republic was. I reported to the country this fight the government of Sixto Duran-Ballen is maintaining to change the country's political structure.

[Maria Judith] Do you then admit that when these three parties asked the government to yield, it yielded?

[Dahik] I am saying that just as was the case with...

[Maria Judith, interrupting] It did yield, did it not?

[Dahik] The government has granted allotments, and it has concluded that there are certain irregularities. Our concerns stem from these irregularities. I will cite a few examples. Look at the country in which we are living, and look at the citizens of the country in which we are living. The MPD and the PRE have already agreed to summon or to attempt to summon the vice president of the Republic to a political hearing. Here, I have the letters the PRE and MPD deputies sent asking the national government to make budgetary allocations. On 22 July, (Oscar Celery Cedeno) requested 800 million sucres. Here it is. Deputy Ricardo Vanegas is requesting 500 million sucres.

I would like to start...

[Maria Judith, interrupting] Did the government approve these allocations?

[Dahik] No, it did not. It made other allocations I will explain later. I want to be quite honest here. If we investigated the case of the PRE, for example, we will start a process. The Conservative Party of National Unity has asked the comptroller general to investigate the PRE. It asked the comptroller general to consider that each and every budgetary allocation the legislators have obtained deserves to be investigated. I am asking, since we already mentioned the PRE, to begin investigating – Pichincha Canton, where, I understand, the brother-in-law of lawyer (Santiago Bucaram), as I have been told, is the president or a local government official. We need to investigate the amount of money this canton has received, who was awarded the contracts, and where the projects will be located.

I have used up the five minutes granted, but I would like to explain this case a bit more, because I have specific names and things to denounce.

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[Tania] Indeed, Mr. President, if you fail to make these names public tonight, with all due respect, the country might think the vice president kicked over the anthill and then ran. Anyway, yesterday's friends and today's enemies are accusing you of using power to reap benefits.

I believe this is the best time for the country to be aware of the economic and financial reality of the vice president of the Republic. For instance, what is the overall monthly income of the vice president? Does he own planes or not? Does he have assets or not? Does he have debts or not? What about a large house under construction in the Biblos neighborhood — a house about which your detractors are talking.

[Dahik] Well, I will explain this at some other time, because I already mentioned parties. Indeed...

[Tania, interrupting] You mentioned parties, but you will not mention names.

[Dahik] I will mention names. I already mentioned certain names; I mentioned a canton, specific names, and the deputies' requests. I will talk about the MPD, the PSC, and the contracts.

[Tania] What about names?

[Dahik] And names too. Indeed, it has been said in the reports or the alleged reports you basically mentioned. One such report is that I am building a house in the Biblos neighborhood. Indeed, I am building a house in the Biblos neighborhood. However, I have my financial disclosure form here. My financial disclosure form states that the (Adocmec) real estate company — also, my financial disclosure form is public and notarized — that the (Adocmec) real estate company owns a house you knew about in La Burguesa, Guayaquil. The house covers approximately 1,000 square meters, and it features a swimming pool and other comforts. I sold that house for $190,000. The proceeds of this sale were invested in the Amazonas Bank.

My financial disclosure form also indicates I have...[pauses] I had an enterprise called Inacool, which owned land in the El Cortijo sector. I sold that enterprise to Doral Real Estate and am now building a house with what I received from the sale of my house, which is included on my financial disclosure form, and the sale of some land, which is also on my financial disclosure form, plus the additional financing I have received from Banco Amazonas. You are all invited to look at it so you can see what kind of house it is.

[Tania] Just one comment. You used to live in Urreca and now live in an apartment at Lomas de Urreca.

[Dahik] Correct. It has also been sold, my dear Tania; therefore, I can perfectly well finance the construction of a house with what I had before I became vice president.

[Tania] Nevertheless, your detractors have insisted your personal finances were very tight before you became vice president of the Republic.

[Dahik] Here is my financial disclosure form. My financial disclosure form, which my detractors claim indicates a tight financial situation, includes a house you have visited at La Burguesa, so you can attest they are not correct. Anyway, we all know each other in this country. I do not come from a family that sells weapons or is in the oil business, but we have lived comfortably all our lives. For seven years I studied abroad in one of the best universities of the world, and....

[Tania, interrupting] What about your current assets?

[Dahik] We will now refer to that great lie, which is unacceptable coming from a former vice president of the Republic. First of all, my financial disclosure form indicates—this fact is public and has been published in the newspaper—that I was shareholder of a company, Afac, before being a vice president of the Republic. The company dusts crops and provides general aviation services. The company.... [pauses] Two airplanes are mentioned. The company also owns crop dusters, because that is part of its work. Also registered under its name are two executive airplanes for general use.

One of the airplanes, a Cheyenne, is not entirely owned by Afac; 75 percent of the airplane is owned by AFAC, and 25 percent is owned by the Banco Amazonas group, which has paid in cash the value of that 25 percent so its executives could use it for their trips. Here it is, and you can check it, because all my accounts are unrestrictedly open for inspection. You can confirm that $198,000 are still owed as of 26 May; that is, the airplane was purchased on credit from Banco del Pacifico. Consequently, I own 50 percent of the shares in an enterprise that owns 75 percent of an airplane, and $200,000 of the airplane's price are still owed. In fact, because Civil Aviation has the passenger lists and the flight records, it can be unequivocally proved that the airplane has been flown primarily to transport executives rather than me. I do not have an airplane standing by for me alone.

There is another airplane. The accuser has personally said in a television program that the Novoa Group had given it to me. That is not true. We have purchased it in excellent condition, mind you, and the airplane has been registered under the Afac's name; meaning it is not entirely mine. A partner, Mr. Ronald Price, owns the other 50 percent of the airplane, because it is used

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for the executive trips of the Price Company; therefore, a great lie has been told. It is not true that I own two airplanes. I own shares of an enterprise that has airplanes among its assets. These airplanes yield profits as other assets yield profits.

Doctor Velasco Ibarra had a marvelous phrase. He has said: Aviation is the most sublime thing for mankind. Man leaves behind the vulgarity of the earth and enters the purity of a limitless sky and then returns to the earth to purify it after communicating with the limitless sky. Aviation is certainly a hobby for me. There are others who have the hobby of smelling manure in stables, and they like their hobby. To each his own. I have my hobby. I have proved I do not own two airplanes standing by for my personal use. They are part of an enterprise that is listed on my financial disclosure form. Money is owed, and it is being paid in the course of normal businesses.

There was also talk about two ice factories. How can anyone lie? The question was: Where did he get the money to buy two ice factories now? It is said they were registered in the names of front men. My dear Tania, I have here that my cousin owns an ice factory, and everyone knows him. I have here a 1978 certificate, when I was still studying abroad, proving it was already owned by my cousin, Alejandro Dahik, who lives in Playa, and everyone knows he owns the factory.

The second factory is located in La Libertad. The president of the Republic can attest that I told him: There is a factory and an opportunity to buy it with credit, and my cousin has invited me to participate in the deal. I had the forethought of becoming indebted to a foreign bank so I would not owe an Ecuadoran bank any favors. It is a foreign bank that has absolutely no commercial relations with the Ecuadoran state: the BAC Bank.

Because my accounts are open to scrutiny, it is possible to request information concerning how much of the transaction is still owed, which was not made by front men. Half of that plant is owed by the [words indistinct] enterprise, which appears in my financial disclosure form. Therefore, I bought something on credit and, as vice president of the Republic, I invested the money in a company whose name is included in my disclosure form. I need no front men to conceal anything.

[Tania] Your time is up. It is Edgar Vasquez's turn.

[Vasquez] Thank you. Mr. Vice President, it is good for you to talk about your accounts and your hobbies, which are a little costly and which, you, more than anyone else, know that the Ecuadoran people cannot afford. In addition, the Ecuadoran people are still waiting for you to continue providing the names, as you already started to do, of all [words indistinct] and which would probably be identified as bribery. Mr. Vice President, please continue to give the list you were giving earlier, the [words indistinct] of the PRE, the MPD, and the PSC.

I wish you could clarify what you told my colleague Jorge Vasquez — something about the 200 billion sucres in contracts, a legislative bloc, the 16 deputies who asked the government for half a million dollars, and the Supreme Court of Justice magistrates who asked you for this money.

[Dahik] You have made a statement. You mentioned a costly hobby the Ecuadoran people cannot afford. I have explained this, and I want to point out now that I hold shares in a business enterprise. If you put a Mercedes Benz to work as taxi, for instance, you can use it for personal uses on the weekend, but you make it produce six days a week. I have no planes sitting on the ground waiting for me to fly them. I am the holder of shares of a company in the aviation business. Therefore, the price of an hour of flying is very low for me, because the cost of maintenance and infrastructure is supported by a crop dusting and general aviation business. I am clarifying this because this is different from owning expensive, unproductive horses that are only fit for entertainment and produce nothing. Now, let's consider the names. Because this list is very long, I want to start, or rather, I will continue to speak of the three parties. I have shown that they are requesting money while demanding a political trial. I have already mentioned this. We will now consider MPD. Here I have a specific report. For instance, let us consider Deputy Pedro Lino Sanchez and a date, 25 May. While corruption in the country is being reported, the capacity of a calculator is not enough for the number of allocation requests — some 2 billion for Esmeraldas Canton, 1.5 billion for San Lorenzo, 1.2 billion, and so on. But let us consider a specific instance to help you can see what happens with those allocations.

[Vasquez] What is the total for Pedro Lino Sanchez?

[Dahik] Only in regional government, not in education — if I were to read all of this, we would waste our time — there are billions and billions. Let us consider Deputy Castelo. I will read you a letter addressed to him by Fernando Jarrin, director of Dinace [National Directorate for Construction of Schools].

The letter reads like this: Mr. Deputy, Dinace has received several budget allocations. These allocations include some amounts that have been negotiated and obtained by you so they can be handed to several schools in the country to enable them to purchase the necessary equipment for their activities. It so happens, Mr. Deputy, that we have encountered some problems

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that preclude speeding up the procedures for the transfer of the money because the justification sent to us by each of the schools reveal considerable differences between the quoted prices and the current prices in the domestic and national market. For instance, in the specific instance of the Francisco de Orellana Secondary School, it is you who sent us a quoted price from the (Memory Chronos) company for the purchase of some computer equipment for $18,104, which is supposed to be the least costly of the forms submitted. Nevertheless, once we conducted a market survey, which by law we must carry out before authorizing any disbursement, we confirmed that the same equipment, with no difference in terms of brands and technical features, costs $15,000 at the (Copycop) enterprise — in other words, an overcharge of $3,000. If you investigate each and every one of the purchases, you will find this is no longer a way of requesting. This is a way of doing other things. Also, here is the documentation, available for all of you. Let us see now, for instance, what happened with the 200 billion sucres delivered to the PSC.

[Vasquez] Excuse me, Mr. Vice President, did Deputy Pedro Lino Sanchez get the money he requested?

[Dahik] No, that money has not been delivered. But the money of many allocations has indeed been handed to the MPD, which negotiated these allocations to keep from voting against former Foreign Minister Diego Paredes.

[Vasquez] How much was delivered to him?

[Dahik] I do not have the figure. As you know, I am not the deputy budget minister, the government minister, or the finance minister.

[Vasquez] But the government paid?

[Dahik] Payments were made, indeed. This was to prevent a no-confidence vote against former Minister Paredes.

[Vasquez] The government instructed the MPD not to vote and...

[Dahik, interrupting] No sir. They did not even make an offer. Everything executed was due to blackmail. There are parties that do not behave that way.

[Vasquez] And the government had to accept. Why did the government not denounce that it was being blackmailed?

[Dahik] Why did not Deputy Paz, Mr. Rodrigo Paz, speak up about what he denounced in 1992? Sir, a time comes when democratic stability is at risk. We have to continue working in the country; we need to continue with the draft bills.

[Vasquez] Do we have to accept blackmail as the country's modus vivendi?

[Dahik] What I have come out to tell the country is that this should not continue. This is why I am here. More than supplying names, I am here to show that there is a president who has proposed a political reform for the country, and this reform is essential so that these incidents not continue. But let us see now, because I cannot discuss every issue in a one and one-half hour program, or a one hour program, I will mention cases. Let us take this prize case: Deputy (Iyaquiran) acquired 14 billion sucres or more — I cannot remember the exact amount — to build school rooms. Oh, and what a surprise! A company called (Tibe) was founded, with a capital of 1 million sucres, and this enterprise, which was formed in 1993, was for these contracts. Oh, what a surprise! You should see who the officers and shareholders are. I am asking the comptroller, who should be listening, to investigate this enterprise, just like the Conservative Party of National Unity legislators have requested. And here it is. I have a copy to leave in your hands, the hands of the journalists.

(Tibe) received 20 contracts; an engineer named Nunez received 25 contracts; an architect by the name of Benitez received more contracts; architect Cevallos, architect Espinoza, and architect Tinoco, whom I am told, according to the information I have, are linked to (Tibe). The contracts, these contracts that have been investigated...[pauses] Oh, what a surprise! A similar group of people who are linked to one another have all of the contracts that a deputy acquired. A company is founded to receive these allotted funds that do not go up for bid. This is another specific case. I have made a copy and I will hand a copy of each of these contracts to each of you, provided there are enough, at the end of the program.

I also want the Loja case investigated. The Loja case is where Deputy Jorge Hugo Sotomayor, which is his full name and who is currently councilman for the province, was allotted Fund 2990 and is an adviser to the National Congress, while he is a councilman in Loja. I want reviewed what he delivered in Pindal and Puyango, for example. The comptroller should go and see what amount, out of those 200 billion sucres that were assigned to Pindal and Puyango, and see what was done with the money and in what works was it invested. I am supplying full names. We need to investigate, and believe me there is plenty to investigate, who the contractors are for the Manabi Provincial Council, where Deputy Simon Bustamante has done what he wished with the assigned budget. I am supplying full names, Mr. Vasquez, Messrs. journalists, of the parties and legislators.

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[Lecaro] [Words indistinct] Mr. Vice President, up to this moment you have centered your corruption charges on budget allotment requests. Without going into detail as to their validity, these budgetary requests were made openly and in writing. This clearly means that those who requested them considered they were not doing anything illegal. But there are far more serious matters, Mr. Vice President. You, in the conversation with media representatives, spoke of Supreme Court magistrates who requested money to rule in favor of the administration. These were not budget allotments to serve anyone. You mentioned deputies who demanded appointments in Inecel [Ecuadoran Institute of Electrification] and Petroecuador [Ecuadoran State Petroleum Enterprise] — the same ones you said had to be granted. Perhaps you yourself did not say this, but some official did, about deputies who asked for $500,000 to approve the Emetel [State-Owned Telecommunications Company] law. Mr. Vice President, beyond who remembers what about that 5 June meeting, 52 days have elapsed since then. [20-second break in reception for station identification] Also, it is important, Mr. Vice President, that you clarify this; otherwise, this, which you consider is a call to moralize the country — if we do not separate the good people from the bad ones, the moral from the immoral, the honest from the thieves — what will happen is that state institutions will be discredited, and we will inflict moral harm to the country.

[Dahik] When replying to this question I want to begin by saying the following: Although it is true that Mr. Vivanco, authorized by me, Mr. Lecaro, — authorized by me, as he says — wrote an article with his version, it is also true, such as press publications have shown, that the versions among all the journalists are not exactly the same. I want to ask you to reread the text of the Telecentro letter.

[Lecaro] I do not have it, but...

[Dahik, interrupting] You do not have it? Please repeat that to me.

[Lecaro] They apologize for not participating, because they believe a six-reporter panel is too much.

[Dahik] That is your version. It is not the exact text of the letter.

[Lecaro] Yes.

[Dahik] That letter was read 15 minutes ago. Several days later, Mr. Vivanco wrote down what he had heard several days before. Therefore, I never said someone had approached me asking for money, Mr. Lecaro. We have reached intolerable limits of corruption. However, we still have not reached the point in which someone approaches the vice president of the Republic asking for something. What I am going to unveil is what I know, what I am aware of, because I do not have the names of judges. However, I am going to explain to you the background of the affair of the 16 legislators.

[Lecaro] Pardon me, Mr. Vice President. Is it true — this is why I was talking about it — that we had to go over [words indistinct]. In the letter you sent Dr. Miguel Macias Hurtado on 19 July, you stated the following in the fifth paragraph: Within this context, and as an example, I recalled that a large legislative bloc had demanded budgetary allocations.

[Dahik] Go on.

[Lecaro] I even included similar claims by magistrates of the Supreme Court of Justice to avoid a ruling favoring the interests of the national government. The proper authorities from Emetel and Petroecuador had been forced to attend to legislative requests to demand four or five appointments.

[Dahik] That is right.

[Lecaro] What I am saying is that 52 days have gone by to know who the beneficiaries...

[Dahik, interrupting] Mr. Lecaro, the rules limit you to one more question. You interrupted me. I am going to tell you what I know, what I am aware of, and what I can affirm for truth's sake. Deputy Freddy Bravo informed me that he had rejected — and, yes, this is why I congratulated him — the suggestions made by Deputy Rafael Cuestas. Cuestas told him, according to what Deputy Bravo explained to me, that instead of granting these huge allotments to approve the Emetel Law, it was much more advisable to directly negotiate — please understand the meaning of the word directly — with 16 legislators of the plenum and that this effort could cost approximately 20 billion sucres. Deputy Bravo rejected this suggestion and told me all about it. I told him he had done the right thing by rejecting the suggestion.

It is from this position that I, a person who loves mathematics, divided 20 billion sucres by 16 and obtained $500,000. Obviously, when you are holding a private conversation, you say it, as I did. Here we have the deputy who made this offer. We have his name, Mr. Lecaro. Deputy Bravo can attest to this, and here we have the appointments. Look at the arrogance we have in this country.

Deputy Homero Lopez has sent me a letter that reads as follows: Mr. economist Alberto Dahik, understanding that your intention is to climb toward a new legal, political, and social order in which public service takes precedence, I am addressing you to determine whether

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the petitioner has incurred in some of the corruption cases that constitute public news. [sentence as heard]

He forgot this, believing that his letter was going to disappear with the death of Mr. Galindo. Here I have the letter in which he asks that Jose Manuel Jalil be appointed to the superintendency of the Esmeraldas Refinery. For God's sake, let us have some decorum. He asked me to certify it, and he himself on 21 November asked me in writing to appoint the Esmeraldas Refinery superintendent. Here I have, Mr. Lecaro, the letter in which one of the names is made public. Here I have the letter that made public [words indistinct] the political dealings. Deputy Neira stated that, following instructions by lawyer Jaime Nebot, I am letting you know of the existence of several work orders issued by (Emelgur) for different works at this electrical company in order to encourage you to contact Mr. Rafael Estrada, (Emelgur) general manager, at such and such phone numbers for an adequate political promotion of these works. The coordination with Mr. Estrada is indispensable in an effort to duly promote these works and regard them as achievements of the PSC.

There is a distinguished gentleman, whose name you will understand I must not make public, who was the emissary of this deputy and the PSC, and he said there will be a war if this man was released. This is part of what moved Mr. Rodriguez. Here we have another name.

[Lecaro, interrupting] I want to insist on the Supreme Court of Justice matter.

[Dahik] Sir, let me finish giving the five names. I have to finish listing the names. Mr. Huber Encalada was due to be removed; his term at El Oro was ending. Pressure was also exerted here. He was not appointed, but pressure was exerted in exchange for this or that position. Mr. Ordonez, the former Emetel manager, orchestrated things to establish a mercury [azogue] electric company in El Canar Province in response to the Supreme Court of Justice's request. The same happened with Javier Estevez in El Rio at the request of Supreme Court of Justice. I cannot accuse any of those people without evidence. I do have enough evidence of Engineer Rafael Estrada's incorrect conduct as a public employee. The same goes for Mr. Huber Icas Encalada. The others are being investigated as I have stated previously.

However, on the one hand, they intend and make one believe they are part of the opposition to the national government, and, on the other, their hands are extended for appointments and to claim works favoring such and such a party. This is immoral. I want to know whether there is a government minister belonging to the democratic left who could say that when I was a deputy [words indistinct] the legislators from my party. We demanded a budgetary allotment and a public post. We did not blackmail the government of Dr. Borja, which we opposed. The country knows this. Even as an opposition deputy, I defended ministers from the government of Dr. Borja when I thought their interpellations were unfair. It never occurred to me to hold out my hand or to demand something in exchange for my position, because my actions are always based on my conscience and political and ideological principles, not on this kind of sinecure.

As for the ministers, I said I have become aware of suspicions. This happened, Mr. Lecaro, a long time ago. It was a large meeting attended by several government officials, where it was said that corruption was so overwhelming, and it was strange to be saying that even ministers were requesting money in exchange for such and such works. But then, this possibility was so wild the national government never considered it.

I gave you the names I have, the names I am aware of, and not ones I could make up. Someone pointed out certain names in a program. The Supreme Court of Justice president should summon the individual who gave these names and should start investigating him.

[Lecaro] Thank you very much, Mr. Vice President. Maria del Carmen, your turn.

[Maria del Carmen] Thank you. In the drawing, I came in last place to ask you a question, Mr. Vice President. I was hoping for an earlier turn. However, at this time, after listening to your speech and the questions my colleagues have asked, I am pleased, because I had time to ponder and tell you that I feel disgusted by Ecuadoran politics. In the last 10 years we have held talks, and it has even been said that politics is the art of negotiation. When Ecuadorans, however, elected you as vice president of the Republic and elected Sixto Duran-Ballen as president of the Republic, we expected politics to become the art of decency, because your pledge to make changes in the country was part of your banner. This game of [words indistinct] was to end. Regrettably, however, all of us who have been listening to this program realize the political game played over the past 15 years has continued in this government. The origin of the funds needed to play this game of [words indistinct] is what concerns me, Mr. Vice President.

The economic measures have butchered the Ecuadoran people during this administration. A number of petitions and suggestions have been made for this government not to levy more taxes. As a result of the war, a number of measures lethal to the country's economy and neediest classes were implemented. Then, the fiscal deficit to which we have been referring is, perhaps,

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the result of all these negotiations. Where did these deficits originate? They are not just the result of this war. Where did the money used to finance all of these shady businesses you are mentioning now come from?

[Dahik] Maria del Carmen, you have made a thorough analysis. First, I want to talk about the president of the Republic, since you mentioned him. I want to agree with your analysis, and I want to issue a call to the country: We are doing a disservice to the president of the Republic. Why am I saying this? Because precisely he and this government are brave enough to say that the system does not work here.

[Maria del Carmen] But he played the game.

[Dahik] Maria del Carmen, let me explain. The system does not yield anything else. We have to undergo a profound change in terms of Ecuador's political structure. We held a plebiscite, and it yielded results and mandates. Look at the results of these mandates at the National Congress. Here we have Mr. Vivanco himself, who wrote an article a long time ago stating that we have to do away with the clique that is choking democracy. It mutilates the people's rights and scoffs at civil rights. Who appoints the nonvoting members of the Supreme Electoral Council? Who appoints the judges? Who appoints the members of the Court of Constitutional Guarantees? All of this constitutes a system that works based on leadership and partisan interests.

Am I perhaps the first to denounce what is happening in the country? This is the first government to have made the decision to deal with this through a referendum. There are times, however, when one has to be prudent and remain silent. You, who are a mother, know that a father has certain qualities — when he is a father and learns to become one. There are qualities bestowed on a president. Those of us who are Christians and believe in the guidance of the Holy Spirit know that the Holy Spirit enlightens us to do this or that. Often, a father has to remain silent about a defect in his child until he can cure him. There are times when the father realizes he has to acknowledge publicly his child's defect, because that is the best thing to cure him.

[Maria del Carmen] But this president [words indistinct]

[Dahik] In this case, we have to act within a system. We have proposed to the country an alternative no one has proposed before to help us out of this quagmire. We did not invent the system. President Sixto Duran-Ballen did not invent this system, Maria del Carmen.

[Maria del Carmen] But he promised to correct [words indistinct]

[Dahik] The promise to correct it is reflected in the unyielding decision to carry out political reform, and the unyielding decision to depoliticize the Supreme Court of Justice. What is the solution, however? To do away with the National Congress? To declare oneself a dictator, as Peruvian President Alberto Fujimori did at one that time? To disrupt the constitutional system? To stack the Supreme Court of Justice, as happened once? To generate a conflict, as the one in Taura? To encourage a civil war? Or to try, via wisdom and patience and within existing limitations, to see how the system might be changed? What else can the government do other than to frankly propose to the country a political reform?

[Maria del Carmen] It must not submit to blackmail, Mr. Vice President. It must not submit to blackmail. I shall repeat my question. Where did the money come from to pay...

[Dahik, interrupting] It came from budgetary appropriations, Maria del Carmen. Appropriations that...

[Maria del Carmen, interrupting] Appropriations that should perhaps have been used for the benefit of the Ecuadoran people instead of further burdening the people with economic measures that [words indistinct]

[Dahik] Maria del Carmen, it was understood that those appropriations were to benefit the people. With the evidence we have in hand, we are now asking for an investigation by the comptroller general. Obviously, the intention was there. If the administration sees that, through an apparent intention to serve — albeit, an intention upon which serious doubts have been cast — this might also result in laws that would benefit the country and the purpose would be valid. [sentence as heard]

You must also take into account the changes that we are making in the Customs Department. This administration is going to hand over an honest Customs Department for the first time in the 160-year history of the Republic. This administration is going to hand over a government which has undergone major structural changes which have already been presented to the country. That is why the president specifically called for a referendum in a speech broadcast in a radio and television network. The president also called for a fight against corruption. The current administration has proposed this plan.

Here it is. This is not a coincidence. The comptroller general proposed it. Here, I have the anticorruption bill proposed by the comptroller general's office on 13 June 1995. Soon, the president will make a few changes to the comptroller general's proposal to include bank accounts. Oh, no, do not come to me with your native cunningness [viveza criolla] and say it will

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include only domestic accounts. We have to zero in on foreign accounts, which is where things are hidden. The Conservative Party of National Unity is going to propose a change in the Penal Code so that individuals who act as front men; who are holding assets, money, and properties for politicians; and who conceal these assets will be subject to the same punishment as the individual who steals and embezzles public funds. The administration has a proposal. Maria del Carmen, when in the history of Ecuador has corruption been discussed like it is being discussed now? Perhaps, we are wrong. History will decide. Nevertheless, we have been more decisive than anyone. The issue is being discussed with greater urgency than any time in the past. This is an initiative taken by the administration. We have denounced corruption, not one reporter. We have denounced corruption.

[Maria del Carmen] You referred to the Conservative Party of National Unity. How much has been received by Conservative Party of National Unity deputies?

[Dahik] The Conservative Party of National Unity deputies have received much less. They have received much less.

[Maria del Carmen] On the basis of extortion and blackmail?

[Dahik] How can you believe that deputies of such caliber, such as the administration's deputies who have been completely loyal, could commit blackmail? Specifically, they do not...

[Maria del Carmen, interrupting] [Word indistinct] would be important to know what use has been made of the appropriations given to the Conservative Party of National Unity deputies.

[Dahik] My dear Maria del Carmen...

[Maria del Carmen, interrupting] [Words indistinct]

[Dahik] They themselves have asked the comptroller general to investigate all of the budget appropriations that have been given to the legislators. The legislators have asked for this investigation. They must be very certain of what they have requested.

[Maria del Carmen] Thank you very much.

[Maria Judith] Mr. Vice President, it is clear at this moment that the administration did indeed succumb to blackmail, that money was paid, and that positions were handed out. The letter you sent Deputy Homero Lopez requesting the position of superintendent of the refinery for Engineer Jalil was given to him, because he is now the superintendent of the refinery. The Conservative Party of National Unity acknowledges in a document that in exchange for a vote not to censure former Foreign Minister Paredes it received favors from the administration. What is unclear is whether you told, or failed to tell, Jorge Vivanco, that the Supreme Court of Justice magistrates had also asked for favors, or government jobs, in return for [words indistinct] with what was being questioned. In this case, do you have the same lapses of memory Jorge Vivanco has, Mr. Vice President?

[Dahik] I, you see, Maria del Carmen, look at the statements of a number of newspapers...

[Maria Judith, interrupting] Maria Judith.

[Dahik] Maria Judith, I am sorry. Maria Judith, in a number of reports there are a number of discrepancies.

[Maria Judith] But did you or did you not tell the judge...

[Dahik, interrupting] I did not say I had asked the government...

[Maria Judith, interrupting] [Words indistinct]

[Dahik] What I said was what I have already told Mr. Lecaro. I told Mr. Lecaro that I heard this in a meeting. This was not even considered, because it was absurd. But on this matter of the Supreme Court of Justice... [pauses] please, I want to refer to someone who does have the evidence and can be asked, namely, Dr. Carlos Julio Arosemena. He said the administration of justice is at the vanguard of corruption. There is greed for money. I asked him whether he thought the current Supreme Court of Justice is corrupt. Of course, he said. What does the current chief magistrate say?

[Maria Judith] And do you agree with this?

[Dahik] I am absolutely convinced that there is corruption in Ecuador's legal system. The entire country agrees with that.

[Maria Judith] But has the government ever been blackmailed by the court?

[Dahik] Can you believe the government will accept blackmail of that nature? Can you imagine that? Never!

[Maria Judith] Regarding Jorge Vivanco's statements, why did you take so long to explain things, Mr. Vice President?

[Dahik] Because I do think that I have the right, Maria Judith, to know when to speak. How many times can we do a program like this one? Do you think...

[Maria Judith, interrupting] Why have you rejected other requests for interviews?

[Dahik] I could not speak to anybody. All of the television stations were asking me. Why should I pick

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one channel? I had to do it the democratic way, in front of all of the nation's television stations. Why...

[Maria Judith, interrupting] Why did you [words indistinct] on television? Why did it take so long for you to explain what Jorge Vivanco said? That leads one to think you were looking for a way out.

[Dahik] Because President Duran-Ballen and I ran in an election and won. I am the vice president of Ecuador, and I believe I have the right to know when I should speak. Otherwise, I would suggest to anybody who believes things should be done differently to join a presidential ticket, win the vice presidency, experience this problem, and speak [words indistinct].

The country made demands, and I responded as I thought best. I have not responded in my own interests, but in the interests of the country, Maria Judith. I am not after anyone's head. I am not in a coliseum, Maria Judith. I am not trying to promote myself politically. I am a person who fights corruption, and not only at a national, but also at an international level.

Maria Judith, I do no like to praise myself. I have demonstrated that I am not interested in showing off. I want to tell my fellow Ecuadorans that, for the first time in the world's history, an international organization, International Transparency, has been created to fight corruption. I have not boasted about this. Here, I have a description of this organization's nature. Your country's vice president is the president of International Transparency's World Consultative Council. Do you know, Maria Judith, who are the members of this Consultative Council? Dr. Oscar Arias, former president of Costa Rica and Nobel Peace Prize winner. I will not read all of the names, however. There also is (Gerhard Kimbaugh), the former German economics minister; Ian Martin, former secretary general of Amnesty International; (Ronny McClean), former Bolivian foreign minister; (Pepper McPherson), AID director general; (Festus Mogae), former vice president of Botswana; General Obasanjo, former president of Nigeria; Andrew Young, former U.S. ambassador to the United Nations; and former German President Richard Von Weisacker, who visited Ecuador recently, became a member of the council, and became interested in the matter through a personal dialogue with me. Maria Judith, these deputies want to submit me to a political trial — me, the one who presides over the Consultative Council of the foremost international organization for fighting corruption.

[Maria Judith] [Words indistinct]

[Dahik] Maria Judith, I have already been invited to be the main speaker on corruption at the European Council of Business Ethics meeting which be held next year. Therefore, we are not talking about an isolated struggle. What are we after in the national government?

What is the president seeking? What is the vice president seeking? We are seeking political change. We must ask the president of the Supreme Court of Justice about this issue. We must ask him. Look at what he says: Macias Hurtado denounces political influence peddling in the Supreme Court of Justice. Who are the politicians that are peddling influence? Let us ask Dr. Macias Hurtado. There is influence peddling by politicians. There is fear within the judicial branch. There is corruption in the judicial process. He noted that different types of corruption exist. I have here all that has been said for years regarding the legal process. We are not going to resolve this issue as long as we do not depoliticize it. That is what the administration is seeking. Has the administration not fought for political reform?

[Maria Judith] Mr. Vice President, I have one last concern. No matter what, your opponents [words indistinct] to criticize the actions of the vice president. They have insinuated that your intentions were specifically to discredit public institutions, whether the Congress, the Supreme Court of Justice, the Supreme Tribunal, and even including the executive branch itself. In addition, its has been suggested that underneath all of this you were attempting to weaken the democratic system.

[Dahik] Maria Judith, if I speak out, I am discredited. If I remain silent, I am an accomplice. It is difficult to do anything in our country. I would like to say that I accept that someone might question whether I have political motives. I do not have any. God knows the truth. God is in my conscience. I do not accept that the intentions of the president should be questioned. What is the president seeking? Do you believe that once he has finished his term he will pursue some political objective?

[Maria Judith] We are speaking about [words indistinct] adversaries [words indistinct]

[Dahik] Maria Judith and the rest of you reporters, do you believe that, in light of the evidence of the respect and loyalty I have shown the president during the three years we have been in power, that I would embarked in the purging of corruption because of some madness of mine. Do you believe political reform and the referendum, as well as what the president said on network television, is my idea? This is a government crisis. The president has cried out to the four winds asking the country for political change. The groups that want to maintain the current political structure, that want to continue controlling judges so that professional [word indistinct] will benefit from controlling judges, that want to control all duties of the state, and that want to have a system based on political blackmail are those same

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groups that oppose political change, not the national government.

[Tania] Mr. Vice President, perhaps our listeners feel somewhat disappointed to hear you say that the accusations you made to a select group of reporters were based on rumors you heard. In addition, you have stated that a number of political parties have taken advantage of budget appropriations and appropriations resulting from blackmail. How were these appropriations approved and who approved them?

Moreover, you were already vice president when you attended a meeting in which an agreement was reached. I am referring to a meeting held in the Urdesa residence of Guayaquil Mayor Leon Febres Cordero in 1992 — a meeting at which, according to [name indistinct], Roberto Dunn, Mario Rivadeneira, and Marcelo Santos also were present. The agreement reached was that they would approve funds for modernization and the administration would in turn grant funds to decentralize organizations — in other words, you were to grant appropriations, appropriations you now censure. Do you deny that this meeting took place?

[Dahik] First, I want to say that you said the people are disappointed because I have denounced things I have been told. Tania, with all due respect, do you believe it is the responsibility of vice presidents to speak directly with each one of the deputies?

[Tania] But you should present evidence.

[Dahik] I have presented evidence here, Tania.

[Tania] Not the evidence...

[Dahik, interrupting] I have given names, I have presented contracts [words indistinct]

[Tania] [Words indistinct] Deputy Freddy Bravos.

[Dahik] Exactly. First, would you believe I do not receive deputies. That is not my responsibility. Even less for proposals such as this. They risk being tossed out a window.

[Tania] But it is a very serious accusation.

[Dahik] Of course, it is a very serious accusation.

[Tania] Then, you cannot base an accusation on a hearsay, on something that you heard.

[Dahik] Tania, I have stated what a very grim deputy told me, given the state of the nation, not only on a political level, but on a moral level as well. As mothers and wives, do you favor the films that are shown on television, the violence shown on television here and worldwide? Do you agree with the materialistic values that exist worldwide?

We have a moral problem and a general crisis. Therefore, I want to say that it does not surprise me that that a proposal was made, and I believe it was made. I believe a deputy such as Freddy Bravo. You understand that I do not stroll down the corridors of Congress to eavesdrop. You may understand that in the company for which you work information reaches Mr. Alvarado based on information given to him by other individuals. Based on that information, he makes decisions. Alvarado does not talk to everyone in the station. Tania, he could not possibly talk to everyone at the station. That is not his responsibility. I cannot talk to everyone in the nation, either. I have given names.

Most of all, it would be a serious mistake for the nation to believe that the issue lies in three, five, or 20 names. There is a structural problem that cannot be permitted to continue, and which can only be resolved by anticorruption laws, a permanent stance against corruption, and a change in the current political system.

The administration has proposed a change in the system. It has done its share. The president has done his duty. He has kept his promise to the people of Ecuador. For the first time, a president has proposed political change. He has proposed an honest and sweeping political change of many aspects of the Constitution that entrap us.

[Tania] We are digressing from the issue. You have criticized the granting of apportionments. You have censured them. However [words indistinct]

[Dahik] I was at that meeting. At that moment, the government made a decision in light of the number of candidates we had, the economic chaos we inherited, and the urgent need for a number of laws to move the country forward. There was no other choice.

[Tania] Then, you made an agreement with the PSC?

[Dahik] I took part in an agreement. I never deny anything I do. What I can tell you is that it is not a political system that I have used.

[Tania] How can sometimes you criticize the granting of appropriations and at other times justify it, as in this agreement.

[Dahik] I have not justified the granting of funds. I have explained that this decision was made under these circumstances. What I never imagined is that a group would create a company that win all of the contracts. I can assure you that was never mentioned. That is why I am asking for an investigation of all appropriations. Because of this, the president has asked that the referendum include a ban preventing legislators from handling budgetary funds.

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[Tania] Are you sure you have no political ambitions for the future? Although you denied it a few moments ago, what about the Dahik 2000 plan?

[Dahik] [words indistinct]

[Tania] Excuse me. I would like to make one last observation. If you are summoned to testify, given your ability to speak in public, you could come out of the interpolation successfully, which, thinking of the future, could be to your political advantage.

[Dahik] I think there is a great deal of evidence that I have spoken for many years in Ecuador on issues not considered political — something that is considered a political error. But I have done so because in my conscience I believed these issues should have been discussed.

In the end, time has declared me right. Now I have been accused of many things. I wish to ask the presidential candidates to tell the world very clearly whether they will or will not maintain the formula that adjusts fuel prices every month. Will they or will they not maintain the price of liquefied gas? Will they or will they not maintain the electric rates at the level that the current government will leave them, because the rates will not be touched?

[Tania] Do you believe this will be a pertinent subject?

[Dahik] I think this is pertinent, because you have told me I have political designs. When I was a candidate, I spoke about these subjects very honestly, regardless of the political cost. Now, thinking about my country, I demand that the presidential candidates, as well as whoever will run for vice president, answer these questions directly.

[Tania] It has been said you have your own candidate.

[Dahik] Well, how many things have been said about me in this country? I assure you, it is a miracle if it has not been said that the most recent Los Angeles earthquake was my fault.

[Tania] Edgar.

[Vasquez] Mr. Vice President, I quote: Blackmail is blackmail. Why does the government blackmail, if it can and should report the blackmailers and repress them with an iron hand? Only cowards or men of straw can be blackmailed. Those in any of these situations are in no position to govern. This is what newsman Jorge Vivanco said.

[Dahik] That is journalist Vivanco's view.

[Vasquez] Mr. Vice President, please. You spoke about [words indistinct] with the political reforms. Nevertheless, your party, the Conservative Party, and PSC yesterday ended the special congress that was supposed to have approved the constitutional reforms in a second debate. These are political contradictions, Mr. Vice President.

Now, let us talk of appointments in the energy sector. Eduardo Urel, who was appointed Petrocomercial manager on 23 March 1995, a member of the Conservative Party and a personal friend of the vice president, has reported you. Dennis Celis, appointed Petrocomercial's assistant administrative and finance manager on 10 June 1995, is the brother-in-law of Deputy Luis Dalmeida. Mrs. Lucia de Bravo, Conservative Party Deputy Freddy Bravo's wife, was appointed second legal assistant to (Centrocover) on 1 May 1995, Mr. Vice President. These are things the ruling party probably knows nothing about.

Mr. Vice President, you have just admitted that the government had to deliver appropriations — that the government had to make an arrangement with the PSC regarding the modernization laws. In other words, the government, in the person of its vice president, must undergo a political trial, because he who proposes something is just as guilty as he who accepts it.

[Dahik] Your legal savvy surprises me. Tell me, then, Mr. Vasquez, what are the grounds for a political trial? I am simply...

[Vasquez, interrupting] [Words indistinct]

[Dahik] You have just said I must submit myself to a political trial. On what grounds?

[Vasquez] [Words indistinct] what is the purpose of this interview.

[Dahik] No. But do not you agree with this view? We shall see. I could not care less about a political trial, Mr. Vasquez. I can tell you, however, that a political trial must deal with something — something such as bribery, which I never committed and for which there is no evidence, proof, or clue because, and all of the journalists can testify to this, I never said I gave a single cent to anyone or that I had even authorized a single cent for any individual. Does delivering budgetary appropriations constitute bribery? That is not bribery, because those funds allegedly were for a good purpose. Bribery is political negotiation, which I do not like and have not carried out [words indistinct]. I did not do this when I was a lawmaker.

[Vasquez] Were those appropriations not corruption, Mr. Vice President?

[Dahik] They were for a purpose, to serve communities. But now I can see what they are being used for. It is

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corruption for whoever uses those appropriations, not for those who had to allocate the money, because he had to. Nevertheless, I want to ask you a question, because you are a very well informed journalist. Does the name of Larry Esparza Fabian ring a bell to you?

[Vasquez] Yes. He is a former National Congress president.

[Dahik] How did he become Congress president?

[Vasquez] It has been said that he did it through customs.

[Dahik] Do you think, then, that the epithets that columnist Vivanco uses can be applied to a man of Oswaldo Hurtado's standing?

[Vasquez] I ask you the same question, Mr. Vice President.

[Dahik] My answer is no, because at the time Dr. Hurtado was rightfully afraid that a precious asset the country had obtained — namely, the return to democracy — could be lost. For reasons of state, he had to accept this blackmail. I want to tell you that I personally believe in Dr. Hurtado's moral and ethic integrity and great civic awareness.

Also, here we heard what current presidential candidate Rodrigo Paz had to say about what he discussed with Jaime Roldos. How were the majorities created when Averroes Bucaram was Congress president? How many times have the sentences imposed on Elsa and Abdala been negotiated? Amnesty: Here, I give it to you; I take it away from you; I will send you to Panama to shift the majority in Congress. Unlike this government, he did this, not to seek a structural reform to pave the way for a future, but simply to use the political machinery for electoral purposes. What has been said about this in the country? What has happened to all of the scandals that have occurred? Is this, or is this not evidence that the proposal by the president and the government is designed to lay the groundwork for a political government, to depoliticize the administration of justice, to establish the transparency of a constitutional court that will not be a commissary's office, and to eliminate the blackmail that political trials comprise?

[Vasquez] Look what happened yesterday with this political proposal, Mr. Vice President. Your own party has abandoned you.

[Dahik] Mr. Vasquez, at your age and in line your experience, do you not think it is sufficiently shameful that months and months have passed, not the 100 days that the Ecuadoran people gave you, and still no agreement has been reached, Mr. Vasquez? If [words indistinct] what sense does it make to continue with the idea of a special congress to analyze constitutional reforms, although the vice president has called for a popular referendum to enable the people to decide for themselves?

Can the government deputies be inconsistent with the president of the Republic? If the president of the Republic appears on a national network and says, I am calling for a referendum and this is my decision, does it make sense to continue with certain mild reforms in which one issue is approved today and that some other day we approach the union leaders, because we fear negotiating and because we believe it could trigger an electoral problem? Is there not a firm hand to support the constitutional changes that have already been approved? I believe the exact opposite is true. The position the government bloc assumed on 26 July was absolutely consistent with the government's idea of searching, through a referendum, for reforms Congress once more has tried to approved in one of several attempts it has made over the past 15 years. It alone cannot make constitutional reforms.

[Vasquez] What about the charges regarding Petroecuador?

[Dahik] Concerning the Petroecuador charges, how could this be said about Mrs. Bravo? Here I have a Petroecuador certification stating that she is a professional official from the Comptroller General's Office and that she was commissioned to serve in Petroecuador. Do you see how things get distorted?

Mr. Eduardo Urel is my friend. Yes, he is. Is that a sin? Who must be appointed? Whom do we have to suggest to the government? Who should the ministers appoint — supporters of the regime, those who have worked for the regime, or those who claim to be opposition and hide under the table to request appointments? Do you believe Republicans are now in charge in the United States? Or is it the Democrats? Do you believe the members of the Spanish Socialist Workers Party have all of the posts in Spain? Or is it the members of the Popular Party? Do you believe the members of the Popular Democratic Party, I mean, the Social Democratic Party occupy the government posts in Chile? Or are those in the opposition occupying them? Therefore, maintaining that appointing supporters of the regime is a sin seems absurd to me. As for the other appointment...

[Vasquez, interrupting] Mr. Celis.

[Dahik] The appointment of Mr. Celis. I earnestly ask you to go and ask at Petroecuador.

[Vasquez] Mr. Vice President, this conversation seems to be reaching a dead end, because I believe you have already explained and insisted on your position

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regarding what you said in the 5 June meeting, which triggered this matter. [Words indistinct] later. I agreed with you when you said that this issue of corruption is old. It will not be resolved through reports or political trials. We need to undergo a political reform and, of course, to depoliticize justice.

As for political reform, the manner in which deputies are currently elected is one of the reasons why some of them are inclined to blackmail the government or are willing to accept sinecure for themselves. People vote on a bloc — a slate that includes one or two names of people representative of and known to the community, and the rest are people known only within their political parties. In light of this situation, we are introducing the alternative of electing deputies by district. In other words, we want to elect a single representative for each group of voters. Such an election would guarantee the following: First, each elected deputy is an individual representative of this group; he would be someone who is known for his work within this group of voters. On the other hand, his first loyalty would no longer be to his political party or his personal interests but, rather, to the interests of the group that elected him. What do you think of this alternative? What could the government do to make this type of change?

[Dahik] The idea of making a change in the electoral system — namely, single seat and municipal elections — is part of the political reform — in other words, by preparing the list and not being forced to vote for the entire slate in municipal elections. Personally, I totally concurred with this idea, which would constitute one of the best changes in the Ecuadoran political system.

[Vasquez] Now that is my turn to ask a follow-up question, I will ask another question altogether. You are a practicing Catholic, as most Ecuadorans are. More than that, you have delivered speeches to groups of youths performing apostolical works. Church doctrine stipulates that the end does not justify the means. Therefore, this question is for the country's youths and the younger generations listening to us. How can we combine being Christian and being a politician? Do you think that you have somehow failed as you believe that the end justified a means to which you should not have resorted?

[Dahik] The means have not been illegal per se. The means become illegal when he who receives them wrongfully uses them. The means to achieve the country's progress and to resolve the economic and social problems with what the government has accepted are not illegal. The system of blackmail is illegal. It is not the government that makes proposals; it is not the government that takes the initiative in these kinds of things. When the appropriations are supposed to be for sound and good ends, the means are not evil. The problem lies in everything we are observing and in the evidence we now have. It is from here that the request for an investigation comes. We will be steadfast in this regard.

On the other hand, one has to religiously accept that there is evil in the world and that we have to coexist with evil. All humans do not believe in the Christian principles, and, unfortunately, regarding Ecuadoran politics, we have reached these levels — levels of which we have read, about which we have talked, and which you, all of the reporters, claim have happened. This is why the president and yours truly have not had any problems to make all our bank accounts public in the past and in the future. I was the first Ecuadoran politician to make my bank accounts public and to affirm that the bank accounts of my children will always be made public. Look at the commitment I made when I took this position. My children also will have to open their accounts and justify from where their income comes for as long as they live, and they are doing this in order that no one will be able to say that I left money stashed somewhere and that, after my death, my children inherited this money. This is how far I went. This is why the matter regarding these bank accounts is significant anywhere in the world. I believe we have opened — and, indeed, the foreign media are aware of this — a quite significant door to investigate corruption. This was the government's initiative.

[Maria del Carmen] Mr. Vice President, I would like to go back to some parts of your previous statements and the answers I received from you. I recall an expression stating that Conservative deputies have to be placed on an altar because they are free from fault and that the only deputies involved in blackmailing are the other deputies — the deputies of the opposition. This is one of my questions.

[Dahik] Maria del Carmen, there are many political blocs I have not mentioned. I have not said these blocs are saints. I merely explained how they behaved before this government. I could affirm that what I said about these three parties is the truth. I have not felt this type of pressure from any other party.

[Maria del Carmen] Perhaps we can discuss what is happening inside the Vice Presidency of the Republic. As a journalist, I have heard complaints and would like to tell you about some that have fallen into my lap. I will leave it up to you, as vice president, to make use of them, if you think the investigation must be carried out to the end.

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I know that the confidential expense funds are not exactly for special benefits for the country but, perhaps, to cover a number of expenses such as paying secretaries within the Vice Presidency who earn as much as bank managers. Confidential expense funds leave no tracks. It has also been said that people close to the Vice Presidency have requested loans of up to $2 million at the National Financing Corporation [CFN] without being eligible for them; they used those loans to purchase tourism complexes in Esmeraldas, and then they rent these complexes to state institutions. What can you say about this, Mr. Vice President? These are people who are very close to you.

[Dahik] Maria del Carmen, if you or anyone can prove right now that a Vice Presidency employee has rented a tourism complex to state institutions, I pledge to cancel that transaction. What you...

[Maria del Carmen, interrupting] You could ask the CFN if some employees are shareholders or part owners of any tourism complex in Esmeraldas.

[Dahik] Maria del Carmen, [words indistinct] very clearly. There is a tourism complex in which, in fact, several employees of the Vice Presidency...

[Maria del Carmen, interrupting] Secretaries at the Vice Presidency.

[Dahik] Not secretaries at the Vice Presidency, but employees who, in their legitimate right, made a loan of...

[Maria del Carmen, interrupting] Millions of dollars.

[Dahik] Maria del Carmen, are you willing to assert that?

[Maria del Carmen] This is the information I have received.

[Dahik] Not even hundreds of thousands of dollars. Not even hundreds. I do not know the details of the case, but the figure I heard does not amount to $200,000. Look at the difference of five or six people making such a loan. It has nothing to do with the state, or with the purchase of state-owned property, or with business deals with the state. This is quite far, Maria del Carmen, from several million dollars and from renting a tourism complex to the state. So much for rumor and slander in this country.

I want to tell you at this time that vice presidential employees did nothing illegal. With the current persecution against the vice president of the Republic, if there was something illegal it would already have come out, although I had nothing to do with the case. I have no reason to prevent office employees from conducting private business, just as I have publicly disclosed that I have private business dealings. That is my right. It is my right. It is in my financial disclosure statement. I do not put my properties in the names of figureheads, not even those I have acquired by going into debt or through normal business deals while serving as vice president. I know very well that I could have placed these properties in the names of figureheads, but I have no reason to do this. I never conceal anything I do, because nothing I do is illegal or immoral. At any rate, look at the difference between this and what you just mentioned.

[Maria del Carmen] Now that an anticorruption law is being prepared to punish white collar and poncho-clad criminals who perpetrate crimes against the state, I would like to see a conscientious and practical investigation conducted so that these people can be punished. What the president said in his Bahia de Caraquez speech seemed quite important as an intention, but quite impractical. I believe it was prepared in haste. We heard the bank superintendent refute the president of the Republic in terms of banking secrecy. In other words, it is not possible to investigate records from 15 years ago, because the banks do not have these documents. [Words indistinct] first mistake.

We are aware the policies being implemented in Ecuador are hastily adopted and are not well-prepared or practical in terms of keeping with the country's reality. Therefore, as this program comes to an end I would like to say the Ecuadoran people would like to have an anticorruption law to end all of the incidents and corruption of the past 15 years, which you have discussed on this program. They do not want political games or political agreements. They want a decent policy. This is what the Ecuadorans want.

[Dahik] Maria del Carmen, as the programs ends, and in thanking the Ecuadoran people who have been patient enough to listen to me, I would like to mention the basic issue you have stated, which is not isolated. We have been talking about releasing accounts for some time. I have presented a bill... [pauses] I have shown the bill that the comptroller general presented on 15 June. We have been discussing the struggle against corruption, change, and political reforms for some time. This is not an isolated case. You can be absolutely sure of that.

[Maria del Carmen] However, it is full of mistakes.

[Dahik] I do not believe it is full of mistakes, because banking secrecy should be relinquished voluntarily, precisely to allow the commission and the president to handle it appropriately. This will allow the commission — and we will see this in due time; the president will announce it — which is very well-organized, to investigate the accounts, especially abroad where much more [word indistinct] records are kept. As you know, the big money is not in Ecuador but abroad. This is

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what matters: that the money is abroad, as well as what I mentioned about figureheads. I believe one thing is very clear. I never said I had paid someone or was aware that someone had been paid. All of the reporters have acknowledged this. I cannot name names that I do not know. I have given abundant evidence and names pertaining to events in the country, and, moreover, beyond the names, I have spoken of ways of doing politics and the manner in which political activities are conducted in Ecuador. Also, I have insisted on the need to struggle against the system and to produce a profound political reform in Ecuador.

Allow me to say once more that the national government has, in fact, initiated such a reform, and it is asking the news media to help the country, not the government, by allowing this reform to pass so the Constitution can break free, and so our Constitution can give us a healthier and more honest legal and political system than the one we have. Some article or news report stated that I had been heard saying at a private meeting — and, in fact, I did say this — that I would dedicate the rest of my life to the struggle against corruption.

Corruption, ladies and gentlemen, can destroy the Western system of democracies and market economies. It is the true plague of this century, of the final part of this century. The national government is working on this, including the president of the Republic, the vice president, ministers, and collaborators. Thank you very much, and good evening.

[Maria Judith] Mr. Vice President, on behalf of the five reporters here I want to thank you for tonight's presentation. Unfortunately, we have run out of time with many things left to be discussed. From the beginning we warned of the limitations of this format — one question and one answer — which does not allow for in-depth discussions or follow-ups on your answers. At any rate, it is up to the Ecuadoran people to make that judgment. We have done our duty by asking timely questions, and you have done yours by answering those questions. Thank you, and good evening.

Peru

President Fujimori Addresses Congressional Session

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[Address by Peruvian President Alberto Fujimori before being inaugurated for his second consecutive presidential term before a joint session of Congress in Lima — live]

[FBIS Translated Text] Members of Congress; Your excellencies chiefs of state and government; Messrs. representatives of friendly countries; people of Peru:

Five years have gone by since I assumed the presidency on 28 July 1990 under truly dramatic circumstances. By contrast, this outgoing administration is leaving an inheritance of a thriving country, an increasingly booming economy, more order and an ever-growing peace.

Above anything else, the outgoing administration is leaving an inheritance of a moral capital which is a binding experience with which we now identify ourselves, that of rebuilding the nation. This is a joint achievement of Peruvian society and an ideal come true.

In these past five years, Peruvians have inadvertently witnessed how an administration of experts and technocrats, with no ulterior political commitments, have placed themselves at the service of national interests and implemented a first modest pilot program. The first results are known.

A transition stage like the one we have experienced demanded great capacity and effort to accomplish objectives that will allow us to reach higher objectives.

The outgoing Congress has been the cornerstone of the deep structural changes implemented in this transition period which are the bases of the modernization and the pacification of Peru.

Through outgoing Congress President Jaime Yoshiyama Tanaka, I hereby wish to pay tribute to the outgoing Congress for this notable patriotic contribution. [applause]

I hereby thank the Armed Forces, the National Police Force, the peasant patrols, and all Peruvian men and women who never abandoned their combat post in the struggle we have waged over the past five years against everything that threatened to destroy Peru.

Upon relinquishing the presidential sash and the presidency, I hereby make an appeal to all Peruvians:

Fellow Peruvians:

Violence and death have scourged our fatherland for many years, leaving behind pain, hatred, and fear in all Peruvian homes. This caused 30,000 deaths, thousands injured, over 100,000 orphans, and the eviction of over 600,000 from their homes.

We are leaving behind this nightmare and a witnessing the dawn of new and better days.

Let us pacify our hearts; forget the past and honor the memory of all our dead. Whether right or wrong, they are all Peruvians. Let us honor them by attaining peace which is necessary to achieve the development of the country and allow our children to grow.

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Let us not look back but toward the future.

I hereby request a minute of silence to honor all those who fell in a fratricidal war that should never again take place in Peru. [bugle heard while those present observe a minute of silence]

Fujimori Gives Inaugural Address

PY2807190095 Lima America Television Network in Spanish 1617 GMT 28 Jul 95

[Inaugural address by President Alberto Fujimori from the national Congress in Lima — live]

[FBIS Translated Text] People of Peru. The sovereign will of the people, as expressed in clean and democratic elections, is consummated here today as a new administration begins.

This administration is beginning not only under the best endorsements of a stable economy and a recovered social order, but also with the honor of holding this ceremony in the company of the representatives of friendly nations and brothers of Peru. I greet the presence of Your Excellencies Presidents Fernando Henrique Cardoso of Brazil; Carlos Saul Menem of Argentina; Eduardo Frei of Chile; Julio Maria Sanguinetti of Uruguay; Juan Carlos Wasmosy of Paraguay; Gonzalo Sanchez de Lozada of Bolivia; Ernesto Samper of Colombia; Ernesto Perez Balladares of Panama; and Rafael Caldera of Venezuela.

The message with which I begin this mandate, as a result of the greatest popular support for a government philosophy and leadership, will deal with the future — because from this time on, we will begin the huge and painstaking job of building solid well-being for a new era of Peru. The force of experienced events is projecting us toward the future, and more than a new mandate, a new era begins today, an era of rebirth for Peru.

We have put into operation in the country, without explicitly saying it, an unusual, daily, and powerful revolution, the fruits of which can already be seen, and will be seen even more in the future. We could call it the production revolution of the little people. The dormant energies are again waking up in the cities and the countryside: the energies of a hardworking population.

In the past others tried in vain to distribute few resources — that way lies poverty. That path led only to failure and frustration. We are now making the, quote, cake, unquote, of wealth grow larger, and the benefits of this growth will be shared by all Peruvians. For the first time there is a government management that is direct, efficient, and permanent, with a commitment on the part of the president for his very physical presence.

The state's limited resources will be directed toward productive investments for the poorest strata of society. The efforts that we have been making, and will continue to make for the next five years, will be focused on endowing the people with the means to be free. This is the right approach for laying the foundations of a true economic democracy based on free citizens and independent producers.

Our country has been independent for 164 years, and it still takes almost two days to get from Lima, our capital, to Cusco, at one time the capital of the great Inca Empire. Our great challenge is thus national integration.

Peruvian national integration will come in the wake of the true democratization of all aspects of life in Peru. Voting is not all there is to democracy. Democracy means opportunities for all. It means broader access to decent and modern schools, drinking water, electric power, sewage systems, roads, airports, and irrigation. It implies giving opportunities to small and medium-sized urban and rural producers.

Over the next five years we will try very hard to further implement our road and communications policy in an effort to accomplish what has not been done in 150 years. Given the fact that last year alone we built 1,300 km of asphalted highways and bridges, by the year 2000 we will have built 10,000 km more, linking Arequipa and Puno, Chiclayo and Tarapoto. These projects will have a multiplying effect that will allow our nation to grow.

For this country to grow, the provinces, rural Peru, the hinterland, must be developed, because that is where the nation's main potential is to be found.

It is not easy to be the president of these noble people if one believes that they should be led by example. Thus, rather than working from my Versailles-like office in Government House, I choose to do my work in the dirt of the shantytowns, in the jungle villages, or in the Andean townships. There the people who want a president like themselves dress me in traditional headdress and a poncho. Some people think that a Chinaman [Fujimori's nickname] with a poncho is quaint... [applause] but that is my style.

Peru's new nationalism is based on the peace that has been won back, on integration, on opportunities for all, and on the acknowledgement of one of the key components of our national identity: the Andean culture. All this amounts to nonexclusive nationalism.

I do not conceive of economic development without social and human development. I am not prepared to bring to the nation a shaky progress based on unfairness and neglect. For modernity to be lasting it must benefit

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all the members of a given society. That is the only way to prevent any given economic model from falling apart later on.

Consequently, no step backward will be taken in the major structural reforms. On the contrary, we will make them advance even further. The recent labor and agricultural laws are proof of this.

To the Peru that is waking up we will give greater speed, so that it can start up. [applause]

It is our aspiration that modernization reach (Huancahuasi), Vilcas Huaman, and Las Huarinjas by the year 2000, and that at the same time our thousand-year culture — which is reflected in the (?Chilcane) ceramics, the Huamanga stone statues, and our sophisticated food — reach the international market.

We want to be modern without sacrificing our traditions. We want to be universal and at the same time indigenous. That is the modernity and the true democracy that all Peruvians long for.

Categorically improving the quality of education was an essential concern of the previous administration. It will also be a major objective for the new administration. We are fully convinced that good education for everyone is one of the foundations of equality.

We have already begun an educational crusade that will in the medium term close a stage marked by delayed classes, teachers who are not kept current, poorly fed children, and a curriculum that has nothing to do with the real situation and with our need for economic growth and human development.

If as of this date we have built 52,000 classrooms, which will serve 2 million students over the next five years, we now hope to build classrooms for at least another 3 million schoolchildren.

Education should become progressively structured. It should join development and production efforts, in coordination with the possibilities for production of wealth and employment and for artistic and cultural creativity.

The efforts for substantially improving the quality of education will be redoubled. With the same emphasis with which we invest in infrastructure, we will invest in all the other sectors of education.

Each student should begin his life as a citizen with a professional trade.

We will multiply our efforts in order to give schools the funds for transforming every high school graduate — irrespective of whether or not he enters the university — into a graduate technician.

Moreover, with the new labor law, an appropriate framework will be established to allow enterprises to hire youths as beginners, so that they can receive training and also have an income.

We will therefore tackle two major problems: the lack of training and the lack of jobs. Youths usually cannot find jobs because they have no training or work experience. Now, upon the conclusion of the contract, enterprises will issue a certificate that will be the first training and experience certificate for youths.

I hope the private sector will give the best possible answer, a positive attitude for implementing this program, which will benefit our youths.

During this second term of office we will invest in our children and in our youth, who will be full and authentic citizens and effective promoters of production and development in the 21st century.

With the same dedication we are striving to encourage competitiveness, creativity, work, personal effort, personal independence, solidarity, austerity, and savings as the basic values of all of us in order to turn our country into an enterprising nation.

By the year 2000 we will increase domestic savings 10 times through the Pension Fund Administrations, thanks to the new pensions law.

In the 21st century our domestic savings will be a greater source of investment than foreign capital. This will have a huge economic and social multiplying effect.

The privatization process will be concluded before the year 2000. In addition to major domestic and foreign investors, this will permit no fewer than 400,000 Peruvians to become shareholders in stock from efficient and profitable enterprises that used to report losses and supplied poor services.

We will continue to allocate all possible funds, raised through the sale of public enterprises, to the significant efforts being made toward reducing poverty in our country.

The inauguration of essential services and productive investment will continue to be the axis of social programs.

Concerning the eradication of extreme poverty, we have begun to see the light at the end of the tunnel.

If we are to discuss ambitious goals, we have to make an effort to achieve a 50 percent reduction in the level of extreme poverty by the year 2000.

During the next five-year period goods and services exports will be among our national economy's driving forces and the source of our national economic growth.

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The government will make an effort to open up new markets for Peruvian products. Made in Peru [preceding three words in English]. It has to be a trademark of quality and a guarantee. We do not want that nefarious colonial habit — of rewarding minor efforts and cheating — to survive among us. Excellence has to prevail everywhere.

Concerning the long-awaited creation of jobs during this five-year period, I do not dare supply any figures, as people usually did during the electoral campaigns. However, the new labor law, coupled with sustained growth in construction, fishing, mining, tourism, and agriculture, which we will promote through the new land law, will guarantee quick creation of jobs in our country.

We in the administration will support small companies in the countryside and in the city, through training and the selective purchase of domestic products.

Through the well-known millions program — that is, the state's purchase of millions of post hole diggers, millions of picks, millions of sweaters for students, millions of binders, millions of notebooks, and millions of books — we will continue to build an emergency market for very small, small, and medium-sized Peruvian producers.

Regarding farmers, we will continue to obtain and use agricultural products to replace the imported ones that are used, as an example, in nutritional programs for school children.

Through these programs we will achieve two objectives: Support the small producers and ensure that social spending is more effective and profitable. In other words, we are turning social spending into productive investment. Creating jobs is everyone's task; it is the task of the public and private sectors, including the small and medium-sized businesses and agricultural producers.

The agenda of my second administration includes decisive support for the women's groups organized in the poor sectors of the urban and rural areas. There is no better human resource than women who use resources in a rational manner. They are capable of managing thousands of small economies, micro-economies to produce goods and services with the highest efficiency. We also want them to be the agents of a production revolution. Peruvian women will not be the ones left behind in the 21st century. To point out the new role of Peruvian women, I want to emphasize the fact that the committee in charge of preparing this new Congress and handling the transition was made up of three oustanding women. One of them is now president of Congress. [applause]

If we talk about the future, we have to talk about family planning or birth control. All babies are beautiful; they are the embodiment of life. But how painful it is to see starving, malnourished, and abandoned children living on the streets, and some of them ending up as criminals. Is there anything more dramatic than that? It is in our hands to act, and to act with realism, with devotion to reason and not to fear, which can create taboos and myths.

This is why the government will promote, for low-income families and those with a low educational level, access to the family planning methods enjoyed by the people with higher incomes. [applause]

It would be hypocritical to look the other way knowing that different methods are implemented for families of different social classes. It is just to disseminate the methods of family planning at all levels. We were and will continue to be a pragmatic government without taboos or sacred cows. Peruvian women must decide their own destiny. [applause]

In Peru, we are tired of war. Nothing is more valuable for us than the life of Peruvians, especially the very poor. And I would like to point out here the successful results, thus far, of the agreement reached by Peru and Ecuador to demarcate the demilitarized zone in the upper Cenepa River region, which was drawn with the participation of the guarantor countries within the framework of the Itamaraty Peace Declaration. Peru is confident that the steps taken thus far will lead to pernament peace within the framework of respect for the Rio de Janeiro Protocol. [applause]

This should prompt relations fraught with mutually beneficial neighborly feelings and cooperation. Our administration will seek a general peace capable of paving the road to peaceful coexistence among all Peruvians. Among other things, our policy will include measures aimed at resolving the problems of displaced people, particularly war orphans.

In one of my frequent visits to Andean villages, I arrived in Callara some four months ago. I was awed: Only the aged and the children had survived the genocide. This situation, however, is changing through the decisive action of the people and the administration. We are already repopulating Uchurracay and Callara. To do justice and bring progress to this beleaguered region, we will be dedicating the Tambo-Uchurracay highway soon. Callara, forgotten for many centuries, will have electric power from the new power plants that we are building. A new dawn is breaking for these, and other villages, plagued for 13 years by insane terrorism; a peaceful dawn that will bring progress.

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Rather than calling upon all Peruvians, I would like to challenge them to leap into the future during the next five years. Let us all work together to resurrect the nation. Let there be no shirking of one's duties, let no one talk about difficulties and impossible goals, because we have just accomplished a feat: We have rebuilt the nation in just five years. This is a country of hope. A short time ago we used to say that Peru cannot stop; now we can rightly say: No one can stop us. [applause]

These times fraught with prospects and collapsing old structures pose a challenge to the brightest minds in this country who should participate in the broad and promising changes our fatherland is experiencing.

This administration is committed to stimulating both grownups and children to understand this culture of modernity which is the only true basis for the new legal framework that will buttress our prospects for national development.

Understanding this concept will help us grasp the differences between structural and incidental aspects, between permanent and temporary issues, between the future of this generation and that of the generations to come.

Those who live in the realm of ideas rather than facts, in the realm of formulas rather than developments, may naively ask themselves whether this approach is leftist or rightist. Strangely enough, Basadre [Jorge Basadre, Peruvian historian and writer] writes that this very question was asked by the confused detractors of President Castilla [General Marshal Ramon Castilla, Peruvian president from 1845-51 and 1855-62). This is neither populism, nor ultraliberalism. This is neither right nor left.

If we open our market, it is to allow for the progress of all Peruvians and not for the most powerful sectors to overrun the small sectors. [applause] If we open our market, it is rather for the small sectors to have access to the revolution in production. This is where the state will intervene with determination and firmness, guaranteeing clear rules of the game, austerity, and efficiency. The state is where the principle of authority and a democratic government are upheld. This democratic government has the support of 64.4 percent of the people. [applause]

And talking about bread, let us call a spade a spade. The government is going to investigate why, for example, an increase in the price of bread has been announced. If it is determined that the large bakeries, which may have formed an oligopoly or even a monopoly, have come to an agreement that affects free competition and, consequently, the people, it will enforce the law. We are determined to defend free and honest competition. [applause] In this sense, all the Peruvian people are aware that we do not side with anyone in particular. [applause]

Some may say that my policy will be more of the same. I say, and listen carefully, it will be more of the best. [applause] This means more schools, better education, more highways, more investments, more international credibility and, consequently, more credit, more development and better opportunities for all, and more democracy, because the support of 64.4 percent speaks for democracy. [standing ovation]

We will step up the reform of the judicial branch and the moralization process. We will continue to austerely administer the state, and will not yield an inch in our struggle against corruption.

We will continue with our effort to increase our country's presence in a new world, but at the same time our soul-searching efforts will go on as well. Our minds, our hearts, and the beginning of a new millenium have converged to give us the unique — and probably only — opportunity in our history to carry out an authentic national liberation. We have left behind the darkness of long-standing frustrations, and we are beginning a new era. Now we are in a position and have the capability to act not only as a reaction to emergencies, but to plan long-term goals and objectives. It is not possible to do everything at once, because there is too much to be done. For this reason, we cannot waste a single day.

To my fellow citizens, men and women, I want to ask them to do their best every day to achieve the rebirth of Peru in the next millenium. I promise to continue governing with the most demanding effort, with honesty, discipline, austerity, efficiency, and openness, so that my second term will be in fact a five-year period of creativity and a quest for excellence. Then we will be able to say: We are free. Let us always be free.

New Cabinet Members Announced

PA2907132395 Madrid EFE in Spanish 1200 GMT 29 Jul 95

[FBIS Translated Text] Lima, 29 Jul (EFE) — The new cabinet of the Peruvian Government, which officially initiated its activities today, after Alberto Fujimori assumed the Presidency of the Republic on 28 July, comprises 14 members. They are:

Prime minister and education minister: Dante Cordova Blanco.

Foreign minister: Francisco Tudela Van Breugel Douglas.

Defense minister: General Victor Malca Villanueva.

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Economy minister: Jorge Camet Dickman.

Interior minister: General Juan Briones Davila.

Justice minister: Fernando Vega Santa Gadea.

Health minister: Eduardo Yong Motta.

Agriculture minister: Absalon Vasquez Villanueva.

Labor minister: Sandro Fuentes Acurio.

Industry, tourism, and commerce minister: Liliana Canale.

Energy and mines minister: Amado Yataco Medina.

Transport and communications minister: Juan Castilla Meza.

Fisheries minister: Jaime Sobero Tayra.

Presidency minister: Manuel Vara Ochoa.

Fujimori Holds News Conference on Domestic Issues

PA2907181595 Madrid EFE in Spanish 1636 GMT 29 Jul 95

[FBIS Translated Text] Lima, 29 Jul (EFE) — The Amnesty Law will not be repealed, and there will be no regressing in its enforcement, President Alberto Fujimori said today during his first news conference after being sworn in for a second consecutive term as head of state yesterday, 28 July.

Asked about the criticism against him for the recent enactment of the law, he said it "must be seen within its context" and as part of the "strategy for the total pacification of the country."

"Peru has its problems—and I do not wish problems of this kind on any country—and has succeeded in controlling them in three years, whereas this has taken 10 and even 20 years in other countries," Fujimori flatly stated.

He also said a country that has been in a state of war for 13 years had to take appropriate measures and defend its principles and solve its problems.

The president rebuked the countries that have criticized the Amnesty Law but did not reject the Shining Path [SL] violence when it was occurring and that "even contributed money to that cause, at some time, to finance terrorists."

He also rebuked international public opinion for not taking notice at the appropriate time of the government granting amnesty to 5,000 terrorists, mostly from the SL and the Tupac Amaru Revolutionary Movement (MRTA).

During the news conference, Fujimori talked about terrorism and said there are still terrorist spots in the interior of the country, "although we have located them."

Mentioning top SL leader Comrade "Felicano [Oscar Alberto Ramirez Durand]," Fujimori said he is in the Ayacucho area where he arrived from Alto Huallaga. "He has gotten away from us on two occasions," he said, "but I can assure you that we will capture him dead or alive sooner or later."

Fujimori also announced that the SL is splintered, primarily since the 1992 capture of its founder and leader, Abimael Guzman.

Asked about the problem of drug trafficking and, mainly, the ties between Peruvian and Colombian drug traffickers, he confirmed that they exist but that a close cooperation "at the highest level" also exists between Peruvian and Colombian authorities to stamp out this "scourge."

He took advantage of the opportunity to publicly congratulate Colombian President Ernesto Samper for his recent successes against the Cali Cartel and asked the international community "to contribute the dough" to assist Peru's war on drugs.

Also during the news conference, the president fielded questions on social policy, family planning, human rights, the economy, investments, corruption in the judicial branch, poverty in the country, and the situation between Peru and Ecuador following the armed conflict of early this year.

Views Economic, Social Issues

PA2907211295 Mexico City NOTIMEX in Spanish 1902 GMT 29 Jul 95

[FBIS Translated Text] Lima, 29 Jul (NOTIMEX) — Peru will maintain an open market and will guarantee clear rules to continue its productive revolution, after receiving $5 billion in foreign investments over the past five years. Peruvian President Alberto Fujimori also said the government will take steps to ensure that small businessmen are not overrun by foreign investors who have promised to invest another $5 billion to develop the country's means of production.

Meeting with the foreign press one day after being sworn in for his second term (1995-2000) in office, Fujimori asserted that Peru is now a country of hope in which "the market has been opened without catering to false populism or left- or right-wing liberalism." The president asserted that state-owned companies, which sustained $2.5 million in losses last year, will continue to be privatized, and also confirmed that he intends to

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reduce poverty by 50 percent. He underscored the broad participation of investors from Spain, the United States, Chile, Venezuela, Colombia, Canada, Japan, and other nations. He noted that these countries have conducted market studies and have concluded that Peru is a "niche" for investors.

On another issue, the president pointed out that the government has approximately $6 billion in international reserves, allowing it to maintain a balanced economy even though it has a trade deficit of approximately $2 billion. Referring to negotiations on Peru's estimated foreign debt of $24 billion, Fujimori said the country has an effective strategy, which he did not disclose, that will allow it to enter Brady plan negotiations in the near future.

The chief of state also commented on several reforms within the judicial branch. He announced a crusade against corruption, and he added that he himself will assume a monitoring role in this effort. Likewise, he warned that severe measures, including jail terms, will be applied to speculating businessmen who, without seeking government authorization, have increased prices on a number of basic goods, including bread. Fujimori also announced he will open talks with Chile on the Lima Convention in the near future in a bid to end their differences, adding that he believes the Peruvian legislature will approve this before the end of the year.

On another issue, and openly challenging the church in Peru, Fujimori reiterated that his government will initiate an aggressive family planning campaign without promoting abortions. Without taboos or "sacred cows," the 1995-2000 administration will tackle this issue pragmatically, because women have the right to control their future. "I do not mean abortion, but we will promote legitimate methods, such as vasectomies and the use of the intrauterine devices," he stated.

Fujimori Rejects Amnesty for Almost 20,000 Rebels

PA2907201895 Mexico City NOTIMEX in Spanish 1813 GMT 29 Jul 95

[By Jose Luis Castillejos]

[FBIS Translated Excerpt] Lima, 29 Jul (NOTIMEX) — Peruvian President Alberto Fujimiori rejected today an amnesty for the almost 20,000 rebels who, according to the president, caused 30,000 deaths during the war against the government that lasted 15 years. [passage omitted]

He thanked the Armed Forces, the police, (paramilitary) peasant defense patrols, and all Peruvians, none of whom had abandoned their combat positions in the war against all the things that threatened to destroy Peru.

The Peruvian president promised a comprehensive peace policy that will set a permanent foundation for the peaceful coexistence of the people he governs. The policy will include, among others points, measures to resolve the problems of those who have been displaced, particularly the war orphans. [passage omitted]

He said an officer, whom he did not identify, is talking with imprisoned Abimael Guzman, founder and leader of the Shining Path armed rebel movement. Guzman, he said, has convinced "many people to put down their weapons" since his incarceration. President Fujimori clarified, however, that the mediation of so-called "President Gonzalo," who was arrested on 12 September 1992, does not mean he will reduce his penalty or give him amnesty, because he is responsible for the death of thousands of Peruvians and has caused enormous losses to the government. [passage omitted]

The president also announced he will bolster the struggle against drug trafficking activities. He said his criticism of the U.S. administration in this regard remains unchanged, and he requested it assign more resources to combat the trafficking of drugs. "We are working effectively. We have reduced the areas where coca plants are grown, but this is not enough. The United States also has to decrease its drug use in order to dissuade producers," he added.

Fujimori underscored the cooperation between Peru and Colombia in this regard and said they have coordinated actions to jointly dismantle the drug cartels, which move approximately $1 billion every year in Peru alone.

The president talked about the conflict with Ecuador and said he was satisfied with the work done by the Foreign Ministry to establish peace between both nations. He said the border demilitarization agreement, which was agreed upon last week, is very positive, because it marks the startup of detente along a 78 km section of the Peruvian-Ecuadoran border area. The president estimated that trust between Lima and Quito is gradually being recovered and expressed confidence that his Ecuadoran colleague, Sixto Duran-Ballen, will do all he can to achieve a true border commercial opening in the short term.

After meeting with the press, Fujimori received his colleagues from Bolivia, Gonzalo Sanchez de Lozada; Venezuela, Rafael Caldera; and Enrique Igelsias, president of the Inter-American Development Bank. The nature of his talks with those officials was not disclosed.

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Fujimori Confirms Military Chiefs

PA2907194795 Madrid EFE in Spanish 1813 GMT 29 Jul 95

[FBIS Translated Text] Lima, 29 Jul (ANDINA) [dateline as received] — President Alberto Fujimori today confirmed General Nicolas Hermoza Rios as Army commander general, Admiral Alfredo Arnaiz Ambrosiani as Navy war commander general, and General Enrique Astete Baca as Air Force commander general. The president also confirmed Lieutenant General Victor Alva Plascencia as director general of the National Police.

"Each one of these institutions is working to achieve a performance that is closer to the orientation and overall policy of the government," he said.

During a news conference held today at the Government Palace, the president announced he was confirming the members of the top commands. This news conference was the first Fujimori granted after taking the oath office as head of state yesterday.

Fujimori said the isolated cases of human rights violations and corruption in the police will be corrected.

Samper Says Traffickers Blackmailing Officials

PA2907030295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Jul 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] In Lima, where he is attending Alberto Fujimori's swearing-in ceremony as Peruvian president for the second consecutive time, Colombian President Ernesto Samper told this network that the drug traffickers' blackmail he spoke about last night has taken place via telephone calls to several government officials in the Presidency.

In Lima, nine Latin American presidents attended the inauguration of Fujimori's second presidential mandate. Samper took the opportunity to explain the nature of blackmail and threats to which his government has been subjected.

[Begin recording] [Samper] There have been telephone calls to various media announcing that information will be released about public figures in the economic and political fields. We interpret these calls as threats and blackmail. I could care less about these kinds of threats. In my own mind, my responsibility is clear as head of the government. The risk I run is no different from those of my predecessors. In addition, I was given a second chance. Consequently, any life I have left, whether a little or a lot, is free.

[Reporter] Is it always better to take the bull by the horns?

[Samper] It is better for a country to have its president speak honestly and plainly. I think this is what has enabled me to forge ahead in my public life. [end recording]

Finally, and after discussing trade with other presidents, Samper will return to Colombia tonight to deal with domestic problems.

Rejects Trafficker 'Blackmail'

PY2907030695 Madrid EFE in Spanish 0012 GMT 29 Jul 95

[FBIS Translated Text] Lima, 28 Jul (EFE) — Today in Lima Colombian President Ernesto Samper reiterated that his government has an unwavering desire to eliminate the Cali cartel, and that it will not accept any form of blackmail by the drug traffickers.

Samper, who traveled to Lima to participate in the inauguration ceremony of President Alberto Fujimori, noted that this "moral blackmailing" may have been designed "to undermine the state's actions against drug trafficking."

He said his government will not accept any form of blackmail by the drug traffickers who are trying to involve authorities of the Colombian economic and political fields.

He said: "My government has pointed out that it is willing to allow an investigation even into the president of the Republic's behavior so that the country may rest assured that we will continue to wage an all-out war against drug trafficking."

Samper added that Colombia will not accept any blackmailing because there is no sound evidence on the alleged use of money supplied by the "Cali cartel" in the electoral campaign last year.

Yesterday in Colombia, before leaving for Lima, Samper reported that his government was the target of "moral blackmailing" by the Cali drug traffickers.

He added: "The government has the unwavering desire to eliminate the Cali cartel, and we already have five of its seven leaders behind bars."

The Colombian president voiced his hopes of being able to continue fighting drugs together with neighboring Peru.

He said: "We have a common problem, and I hope the international community will understand that the drug trafficking problem is not solely a problem of one

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country, but rather a very complex problem that needs to be tackled on all fronts."

Samper said that trade between Colombia and Peru is "excellent," and added that for some time now Colombia has been working with Peruvian President Alberto Fujimori on other important bilateral issues such as investments.

The Colombian president held a one-hour meeting with his Venezuelan counterpart Rafael Caldera in San Isidro neighborhood, in Lima. After this meeting he held a brief meeting with representatives of the Peruvian and foreign media at a hotel in the Miraflores neighborhood.

Samper will return to Colombia tomorrow after attending the final celebrations of Peruvian President Alberto Fujimori's inauguration that started in Lima today.

Menem: Peru-Ecuador Peace Process 'Consolidated'

PY2907032795 Lima America Television Network in Spanish 0100 GMT 29 Jul 95

[FBIS Translated Text] This afternoon, Argentine President Carlos Saul Menem gave a news conference, in which he commented on the peace process between Peru and Ecuador and on the situation of Peruvians who are staying illegally in Argentina. He said:

[Begin Menem recording] According to information we have been receiving, I think this peace process has been practically consolidated. Only minor details are missing. There have not been major claims by both parties, and military observers who are participating in this process will withdraw as soon as the demilitarization of the disputed territories on the border between both countries is completed. I do not think that will take long. Nothing remains for me except to congratulate both countries and both governments on having reached an agreement that seeks to settle a dispute that has not only damaged Peru and Ecuador, but also all Latin American peoples.

With regard to Argentina's alleged sale of weapons to Ecuador, we have passed harsher laws on this subject so as to prevent situations like this from happening again. In the meantime, I suppose that we will carry on with the investigation into this issue. We will not let it fizzle out. "If a conclusion is reached in the short term, swift retribution will be meted out to those responsible for this crime, should there indeed be some culprits. Otherwise, we cannot do more than what we have done so far." [end recording]

Brazil's Cardoso Views Economic, Other Issues

PY2907024295 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 28 Jul 95

[Report bu Ana Paula Padrao in Lima]

[FBIS Translated Text] Today is Peruvian independence day, the presidential inauguration, and President Alberto Fujimori's own birthday. Is this a coincidence? President Fujimori has another explanation: "It is my destiny," he said today as he was sworn into office for the second time.

Brazilian President Fernando Henrique Cardoso said he admired the speech given by Fujimori. Cardoso attended the Peruvian presidential inauguration together with eight other heads of state.

Cardoso also held a meeting with Bolivian President Gonzalo Sanchez de Lozada. They decided to sign on 17 August an agreement to construct the gas pipeline from Santa Cruz de la Sierra to Sao Paulo, and perhaps at a later stage, to Porto Alegre.

Cardoso also spoke with the Brazilian media. He announced that as of next year, the government will pay a minimum wage to each physically handicapped individual. This program will be launched in the next few days. The president also spoke about the constitutional amendments.

He said that the constitutional reforms should be approved by April 1996 at the latest. After that date, there will be no possibility of implementing constitutional reform because the municipal election campaigns will then begin. Since there is little time for the constitutional reform, the president said, he must choose well which battles are worthwhile. The state reform, he said, is more an administrative matter rather than a matter of deep changes. The tax reform, however, is essential. However, it must yet be summarized, he said, so this is why it will not be ready to send to Congress on 1 August. The president also confirmed that the ICMS [Goods and Services Movement Tax] and the IPI [Industrial Products Tax] taxes will be consolidated into a single tax on consumption:

[Begin Cardoso recording] That is the idea. We are looking for a formula to clearly establish what must be allocated to the federal government and to the states. We must limit ourselves to essential subjects. Do not think that the whole Constitution must be reformed. That is not so. We must see what obstacles are hampering Brazil. This is the spirit of our reform proposal. [end recording]

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Robaina: Cuba Must Draw on Peru's Experience

PY2907012495 Madrid EFE in Spanish 2117 GMT 28 Jul 95

[FBIS Translated Text] Lima, 28 Jul (EFE) — Cuban Foreign Minister Roberto Robaina today stated that Cuba must assess, imitate, and acknowledge the Peruvian experience of an economic opening and a process of foreign capital investments.

Robaina is in Lima, where he represented Cuba today at the inauguration of reelected Peruvian President Alberto Fujimori.

The Cuban minister, in statements to the press agency ANDINA, said that Cuba and Peru must continue to work on aspects of mutual development and that the Latin American nations must participate in the Cuban economic opening process.

He added: "Particularly during the Ibero-American Summit, we achieved an understanding and our countries became mutually acquainted. I believe Cuba needs to get to know Peru better and vice versa."

In this sense he said that Cuba has experienced some results that may be important to Peru in the education, health, science, sports, and cultural fields.

He also referred to the tourism field in which the two countries wish to venture. He said it "is a path of possibilities of mutual benefit and in which experiences must be exchanged to increase tourism."

As he mentioned that there are some 100 Cuban coaches and more than 30 physicians in Peru, Robaina said that "a flight connection was recently established, and this will allow for a more fluid relationship."

Regarding the drug enforcement agreement signed during his visit to Peru in 1994, Robaina said that it is a process that is being established with all the countries of the continent.

He said: "I believe it is an agreement that, above all, expresses the political will of the governments, and we are willing to make progress in this regard and not struggle against the cause (where drugs are produced), but rather against the market that encourages its production."

Regarding the discouraging figures reflecting trade between the two countries, Robaina asserted that they are very low.

In this regard he said that "the most important thing now is to identify the areas in which Cuba offers opportunities that may be attractive to Peru and those that, in turn, interest Cuba."

On the same subject, the minister noted the achievements of his visit in 1994, when he met with more than 100 businessmen and officials of the agriculture, commerce, and tourism ministries.

He added: "We have found understanding in this process, and currently our respective embassies continue to tread this path to attain the desired results."

He added that since that visit, exchanges in the medical and sports field have increased, the flight connection was established, and the first results in the tourism field are surfacing.

He concluded by stating that Cuban President Fidel Castro wishes his Peruvian counterpart Alberto Fujimori success during his second presidential term.

Venezuela

Judiciary Council Suspends Payments to 9,000 Employees

PA2907170195 Caracas EL GLOBO in Spanish 28 Jul 95 p 3

[Report by Aurra Torrealba]

[FBIS Translated Text] Judicial employees from all over the country held a "National Vigil for Justice" that started at 1800 on 27 July and concluded at 0600 on 28 July. Union leaders said the "objective of this action is to express our commitment to this struggle, given court employees will not rest."

In addition, the Judiciary Council suspended payments of the salaries of the 9,000 judicial branch employees who have been on an indefinite strike for the past 18 days.

Carlos Moreno Brandt, Judiciary Council vice president, said the decision was made based on the law, given the Charter Law on the Protection of Public Property forbids paying remunerations and salaries if no actual work has been performed. If we were to pay the salaries vis-a-vis this two-week period, we would be transgressing the Protection Law, and the actions of the Judiciary Council adhere to the law, he said.

The measure involves administrative and auxiliary personnel only, he said, because for the time being judges have been working in their offices or have transferred them elsewhere.

Ontrat [National Organization of Court Workers] President Alfonso Ochoa said that the judicial employees are adhering to their demands and that the suspension of their salaries will not greatly hurt them, because "we have no salaries. We live in permanent poverty. We cannot even buy hot dogs for our families."

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'No' to the Takeover by Soldiers

Commenting on the possibility that soldiers may take over the courts, Brandt dismissed the idea "as absurd." This is a government branch, and, therefore, I do not think anyone is going to consider such an unacceptable thing.

Federation of Judges President Magaly Delgado Sigler, in turn, said no judge has stopped to consider the idea of bringing in soldiers, because that would be absurd.

Concerning the judges' position on the conflict, she said they support a consensus with all the judicial branch employees.

It is worth noting that Rafael Alfonso Guzman, president of the Supreme Court of Justice [CSJ], who is, in fact, a labor law expert, announced that the Federation of Judges, as well as the court employees union leaders, are requesting the CSJ's immediate intervention in the labor dispute with the executive. The CSJ heads the judicial branch, and we cannot remain unconcerned by a paralyzation that does not just hurt the lower echelons of the judicial branch but also discredits the Republic, he said.

Consecomercio Believes Anti-Inflation Pact Has Ended

PA2907030395 Caracas Venezolana de Television Network in Spanish 0200 GMT 28 Jul 95

[Report by Zayda Pereira; from "The News" newscast]

[FBIS Translated Text] Consecomercio [National Council of Commerce and Services] believes that the anti-inflationary agreement has come to an end and that the extension requested by various sectors was worthless because the changes desired did not occur. Anyway, the organization presided over by Eliseo Sarmiento will not adopt a definite position until next Tuesday, after it meets with Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry].

[Begin recording] [Pereira] The private sector openly protested that no steps were taken to really reduce inflation, while prices remain frozen, without increases, and it rejected the administration's plan as an alternative.

[Sarmiento] We want to help. But we also want the administration to allow us to help. It is impossible for us to share the administration's policy, but we can give it some support. It all depends on the administration making a decision and wanting our support.

[Pereira] Various sectors met to request a change in policy. Parking lots, represented by Ampage [expansion not known], want the Semiat [National Integrated Service for Tax Administration] Indecu [expansion not known] problem to be annulled. If not, they will shut down. Hospital suppliers want to be paid. Fedengas [expansion not known], gas distributors, requested an increase in the price of gas cylinders.

[Fedengas representative Ernesto Rodriguez] We believe gas prices should be substantially increased approximately 50 to 60 percent.

[Ampage representative Pedro Ferreres] At this moment, our companies are barely subsisting. We cannot endure this situation any longer.

[Caneas representative Alberto Perez] Obviously, we are aware of the crisis and the situation we are experiencing. But, one must also be aware of the situation of 60 companies which are involved in this issue. If this issue is not satisfactorily solved, these companies will go out of business, [words indistinct] Santa Maria. This issue is not only about national funds, but about 3,000 sick patients that will be left without medical care if this issue is not resolved.

[Pereira] This situation is being closely observed by the Venezuelan people. Many requests and threats are being made; however, no one is giving anything. Yet, each day life becomes more difficult for Venezuelans. [end recording]

PDVSA To Submit Bill on Partial Oil Sector Privatization

PA2807021995 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 25 Jul 95 p 10

[FBIS Translated Text] Through a technical commission, PDVSA [Venezuelan Petroleum Inc.] is conducting the appropriate studies to present before the Ministry of Energy and Mines a draft bill permitting the partial privatization of Pequiven [Petrochemical Company of Venezuela]. This announcement was made by PDVSA President Luis Giusti.

This technical commission has been given a 120-day term to present said bill before Minister Erwin Arrieta for approval and to present before Congress the request to reform the Petrochemical Law that would allow this partial privatization.

In addition, it was learned that if the Executive Branch, through the Ministry of Energy and Mines, and Congress of the Republic approve this initiative during the third quarter of this year, the partial privatization of Pequiven could take place by late 1995 or early 1996.

Meanwhile, Giusti recently told a group of foreign correspondents who visited Venezuela that the sale of

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shares of stock from Pequiven in international markets, like the New York Stock Exchange, may be possible.

Changes in the PDVSA Investment Plan

It was also learned that the PDVSA Investment Plan (1995-2005) includes modifications regarding investments to be made, which increased from $48 to $55 billion. Of these $55 billion, $33 billion will be earmarked for the development of activities in the country, and they will come from the cash flow of the national petroleum industry.

The remaining $23 billion will come from the following sources:

— Some $9 billion from PDVSA. In this regard, 50 percent of external financing is expected.

— Partnerships with third parties: $14 billion.

Additionally, it has been contemplated that the contribution of PDVSA to the state treasury will go from a $5.2 billion in 1995 to $15 billion in ten years.

An increase in production levels is also expected; production levels are expected to go from 4.2 million barrels per day currently to 5.2 million barrels per day in the year 2005.

The production of the these levels would be broken down as follows:

— Two million in light and medium crude oils, obtained by PDVSA. [as published]

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